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# East Europe Report

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26 March 1986

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AGRICULTURE

YUGOSLAVIA

ECONOMISTS URGE MORE FEDERAL DIRECTION IN AGRICULTURE

[Editorial Report] In a wide-ranging roundtable discussion on the ills of the agricultural sector (published in Belgrade EKONOMSKA POLITIKA of 10 February 1986, pages 18-26), Prof Dragan Veselinov, economist and regular contributor to this publication, surmised that the rate of agricultural development was lower than that reported by the Federal Committee for Agriculture (and less, Dr Vladimir Stipetic interjected, than the natural increase of the population in the last 5 years). "We can state," Veselinov said, "that in spite of oscillations, Yugoslav agriculture on average is stagnating. I have the impression that one sometimes wants to say to the public that a balance has been achieved between supply and demand, but this balance is negative, achieved at the expense of a [lower] standard of living and falling personal incomes." He said the capacities of private farms are not being used; and on the other hand, the capital of the socialized sector is tied to a "production orientation" which makes the agricultural combine simply a large farm and not a food-processing force. He said that Yugoslavia also has a "social policy which preserves a relatively high standard of living for the urban population by putting pressure on agriculture. Of course, it seems to an urban dweller that his standard of living is low, since his average pay is \$100, but what this amount can buy in Yugoslavia still represents a relatively high standard. The precondition for this is the depression of agriculture."

Veselinov and other speakers deplored the lack of central state direction in agriculture, asserting that Yugoslavia differs in this respect from every European country where the role of the state is very important in determining and stimulating agricultural priorities, organization, investment, prices, in stabilizing the conditions of production, guaranteeing procurement, and preventing market surpluses from overburdening the farmer.

Professor Milan Trkulja said it is "most tragic" that Yugoslavia has no unified policy of agricultural reserves, but only a law on reserves which transmits a constitutional provision on this in a completely distorted way. The lack of a central "institutionalized" agrarian investment sector, he said, has resulted in surplus food-processing facilities and poorly prepared, locally conceived irrigation, land improvement, and water systems which will never be self-supporting. Until recently there have been no federal regulations on land usage and much arable land has been lost to urban expansion, weekend homes, etc. He said that censuses which have been taken regularly show 20 percent less land than the official statistics show.

Josip Vojvodic, director of the Agricultural-Industrial Combine in Vinkovci, Croatia, urged an increase in land holdings for private farms, especially those which are not "mixed" households (i.e., part-time farmers), saying "the land maximum for purely agricultural households must be increased in order to create the economic and social security for the future generation" of farmers. At the same time he disagreed with Trkulja who spoke against expanding the socialized sector ("I could give many more convincing reasons against, than for, its expansion. If you take Vojvodina and Slavonia you will see that socialization has gone too far. Yields are constantly falling. There is greater stability and greater intensity of production in the private sector. The socialized sector is not seriously motivated").

Nikola Stanic, president of the Serbian Republic Committee for Agriculture, asserted that one cannot speak of a federal long-term economic policy for agriculture when there is no established policy on interest rates for agriculture or price policy for this year, noting also that the Federal Committee for Agriculture has no authority. He discussed, as did several others, the problem of the increasing number of part-time farmers, said to be the result of low income and low labor productivity in both industry and agriculture, and warned that if this continues the volume of agricultural production and its rate of growth will fall and agriculture will become a subsidiary branch of the economy.

In summing up, Veselinov noted the meeting's general agreement that a federal reform policy is needed based on the fundamental issues of Yugoslav economic development, of its economic and political system, specifically a stronger federal function especially in regard to guaranteed prices, budgetary provisions for agriculture, and a qualitative policy on protectionism. And analysts and planners for the future must focus on the questions of prices, investment (with a credit system), and land ownership.

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CSO: 2800/187

ECONOMY

GERMAN DEMOCRATIC REPUBLIC

INDUSTRY FORCED TO SHARPEN PRODUCT FOCUS

West Berlin IWE TAGESDIENST No 30, 22 Feb 86 p 1

[Article datelined IWE Berlin, 22 Feb 86: "GDR Industry Searching for New 'Priorities'"]

[Text] The scientific-technical and economic potential of the GDR, which is "significantly smaller" than that of large industrial countries, is forcing GDR industry to concentrate its resources and facilities increasingly on definite "points of emphasis" in the production and export structure. The academic journal of the College for Economics in East Berlin wrote that it must be taken into account that GDR products on the world market encounter some competing products developed by a materially greater scientific-technical potential than the GDR can muster. The journal identified the so-called key technologies as the most significant area for the future structure of production and export. Speeding up development in these areas would necessarily lead to achieving first-rank positions in critical areas, and to engendering the widest possible, economically productive consequences in many phases of the national economy. The journal further stated that GDR economic conditions placed the main emphasis on the development of future structures in the machine building and vehicle industries, electrotechnical/electronic/instrument production, and light industry, as well as in obligatory ancillary areas of chemistry, metallurgy and glass/ceramics. Of course, the choice of a small number of such priority areas is "complicated." The journal said the choice could only be made based on extensive preliminary study for the decision process. The number is also dependent upon the long-term needs of the principal trading partners in CEMA, the East's economic community, and is moreover determined by the long-term availability of resources and facilities for concentrating emphasis.

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POLAND

ECONOMY

GOVERNMENT VIEWS FOREIGN TRADE, CEMA

AU250543 Warsaw TRYBUNA LUDU in Polish 22-23 Feb 86 pp 1, 2

[Excerpts] PAP--At the 21 February session the Council of Ministers studied the results of Premier Zbigniew Messner's official visit to the USSR and stressed that it had taken place in a spirit of friendship, complete concord of views, and mutual understanding.

The Council of Ministers discussed the current situation of foreign trade and its prospects up to 1990. Exports in 1985 reached the highest level of exports prior to the crisis year of 1980, and this was possible because of the development of trade with the socialist countries. Extracting, metallurgical, food, farm, and forestry industries had the best export results.

The 1985 Central Annual Plan provides for further moderate export increases, especially by electroengineering, chemical, light, and mineral industries. We need to make further considerable increases in the export of sophisticated products and will continue to do so in the coming 5-year period.

The USSR is our chief trading partner. The special significance of our cooperation and trade with the USSR became particularly obvious in the era of our 1980 crisis and during the period of our overcoming it. The loan we received from the USSR to the tune of about 44.8 billion enabled us to buy the necessary raw and other materials for our economy.

As for our relations with the highly developed capitalist countries, we have been able to bring our exports to them to the precrisis level. The continued credit blockade against our country is hindering our exports to these countries and is preventing us from honoring our fiscal obligations.

Relations with developing countries continue to play an important role in our foreign trade. In exchange for the sophisticated products of our electro-engineering and chemical industries we are able to obtain in these countries large quantities of raw materials, spices, and consumer goods for domestic use.

The chairman of the Planning Commission reported to the Council of Ministers on the coordination of our 1986-90 socioeconomic plan with the 5-year plans of the CEMA countries. The council stressed that this process is a specific expression of the further intensification of the economic links among the com-

munity countries. During the work on coordinating these plans the sides paid special attention to promoting coproduction and cooperation in technological progress. Direct links among enterprises will be greatly expanded, coproduction enterprises will be set up, and research and development achievements will be better exploited.

The Council of Ministers positively appraised the coordination in question because it helps consolidate Poland's reorientation toward cooperation with the socialist countries and will enable us to obtain modern technological and production solutions without which our country cannot progress.

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CSO: 2600/301

ECONOMY

YUGOSLAVIA

LCY PRESIDIUUM MEMBER STOJANOVIC DISCUSSES NEED FOR CHANGES

Zagreb DANAS in Serbo-Croatian 21 Jan 86 pp 20-23

[Interview with Nikola Stojanovic, member of the presidium of the LCY Central Committee, by Ivo Jakovljevic, date and place not specified: "Illusions are dangerous"]

[Text]

DANAS: In what respect is the economic situation in the country today, half a year before the 13th LCY Congress, better than it was, and in what respects worse than it was four years ago in advance of the 12th LCY Congress?

Stojanovic: It is a fact that even then at the 12th Congress we debated the stabilization program and accepted its basic premises. But there is a question how aware we were as a society of the difficulty of the tasks, of the resistance and of everything else that was to arise in the effort to carry out that program in its entirety. It seems to me that at that time there were many more illusions than there are today. It was assumed, that is, that it would be just about enough to draft some program and that the economy would in and of itself get out of the crisis. And so at the point when we should have rolled up our sleeves, we seem to have left things to time. At the same time, we became almost enthusiastic about the popular support of the stabilization program. We did not think about the resistance, though it was clearly emphasized in the program itself, especially we did not give thought to how to overcome it, and that has turned out to be bad.

DANAS: The program was unanimously adopted in the SFRY Assembly!

Stojanovic: That is true. We do say that it had that kind of acceptance in the Assembly. It is often referred to as a plebiscite. I have always had reservations about that. One can hardly assume that our society is emerging from a crisis in development and at the same time there are no profound changes in many things; such things are never easy, nor do they happen all by themselves. So we did adopt the stabilization program, and we did create a favorable political climate, but when it had to be carried out in its entirety, there was resistance. We might well have expected it, and it came from all those who had a privileged economic position in the previous period, and those were the bureaucratic and technocratic forces.

That bureaucratic statism has been most evident at the level of the republics and provinces. But that same statist consciousness is profoundly opposed to the constitutional significance of the republics and provinces. And it stands as the greatest danger to the constitutional realization of our federalism.

DANAS: Do the chief causes of our disunity in politics and in the economy stand in the background of all that?

Stojanovic: Yes, they do. Nor is that easy to overcome. I will give an example that has happened frequently, and it represents an expression of the desire for us to be unified. Quite often we hear this: since the people in the leadership have differing opinions, let us sit down once and for all and reach agreement. As far as intentions go, that is fine and normal. But what is the essence? If we agree that something is our ideological platform, and you support it, but I am against, then I offer resistance to that platform, and what can we agree on? And when the demand is made for us to sit down and reach agreement, I ask myself: who is to agree with whom? On what new basis are we to agree? Is the person in the League of Communists who is acting along the line of the agreed platform and the person who is resisting it going to be placed in the same position? Is this not opportunism and unwitting support to those who are resisting the conduct of the accepted policy? Isn't this a kind of idealization of the revolution and a sowing of illusions that the major issues in development are being resolved without conflict, without differentiation, and often this is at the price of postponing a resolution of the problem?

DANAS: Yet what fundamental change has there been in the last two or three years since adoption of the stabilization program?

Stojanovic: In any case nothing is any longer what it was. And that has been its greatest virtue. We have a clearly defined development strategy, the strategic goal of the Long-Range Stabilization Program, which is above all to make the transition from the extensive mode of production to the intensive mode and on those foundations to invigorate production, market selection and structural changes within the economy, which during the five-year period could contribute to the planned doubling of the inflow of foreign exchange from exports of goods and services, and within that development function we would effectively resolve the problem of unemployment. That is why in that context I would single out the invigoration of industrial production which has occurred in the last two years and then the initial trends in our economy's structural adaptation with respect to its export capabilities, and finally, the export results themselves, and the achievement of a surplus in the balance of payments in foreign economic relations. In the background of all that one should also single out the regular repayment of the foreign debt and the successful negotiations with our creditors. But it should be recalled that the principal way out of this crisis in development does not lie in an extensive growth of production, while the present economic structure in the country is retained, but precisely at the same time to extinguish production programs which do not find a market either in the country or abroad, all the while opening up new plants whose goods will compete successfully under the ever more stringent circumstances on the market.

DANAS: What obviously is lacking the most for that kind of trend of changes in the Yugoslav economy is authentic integration on the basis of self-management, whose points of departure would precisely be the world criteria governing the conduct of economic activity?

Stojanovic: I say it is an illusion for us to suppose that integration is an act of good will. Everywhere this is done as a coercive economic process. Political action can only support something of that kind or facilitate it, and here the decisive things are real socioeconomic criteria and relations. It is ridiculous for an economically strong partner to be put on the same level with a partner who has been losing money when agreements on integration are drawn up. There is nothing that the loser can agree on with the achiever; on an equal footing, consistent with the system of self management, he must take over from the achiever the organization of work, personnel policy, development policy, marketing, and so on; otherwise we are not achieving the essential thing.

DANAS: We often hear assessments publicly expressed that everything would go easier with us if we were more united. But it seems as if there is less and less of that unity?

Stojanovic: Perhaps it sounds paradoxical, but my point of departure would be that the very severity of the difficulties and the disputes we are now involved in are above all evidence of how bound up we are with one another and objectively turned towards one another. In a way that is also indicative of how unified we are. Waving the flag of unity can never be a guarantee that it will occur. The important thing is the basis on which it is achieved. If someone thinks that we could arrive at unity on the statist concept of social organization, he is just as wrong as the person who sees the opportunity in an invigoration of a bourgeois economy, of a liberalized market. Action is needed to strengthen unity. The initial results in carrying out the stabilization program, then, are only evidence that we are on the right road and that there is no way out without carrying out the program in its entirety. The fight for the rapid development of self management and for carrying out the Long-Range Program is also the fight for unity! We have to step up that fight.

DANAS: As we make the transition into 1986 most of the first phase of the stabilization program has been carried out in practice. We expect soon the specific measures for financial consolidation of the economy and cutting back inflation. But it seems that a fear of the economic criteria in the conduct of business is still hovering high over all of those moves and is perhaps now even greater than it was three years ago. This is perhaps a fear of the consequences of shutting down investment projects which were mistaken and unprofitable plants, but also fear arising out of uncertainty as to the accumulation available for new investment projects in the coming 5-year period?

Stojanovic: That kind of fear has undoubtedly been with us since the very adoption of the stabilization program. And fear has been one of the greatest



obstacles to carrying it out rapidly in its entirety. We have been slaves to an illusion which has so far been quite costly for us. We believed that if we postponed the biggest problem for a time, it would be easier to overcome the crisis trends and then pass the burden onto someone else. That has been in the background of the dilatory tactics, which to be sure have never been officially stated anywhere. The desire, then, was to postpone, only to postpone. On the other hand the fear of postponing implementation of the long-range program was not sufficiently manifested. I see the absence of that type of fear as a great danger and as the cause of our lackadaisical behavior.

DANAS: To what extent has that kind of tactics been the fruit of possible ignorance, and to what extent of an imposed compromise?

Stojanovic: That postponement arose mostly not only from ignorance and not only from this difficult situation, but most of all from the fear of what would actually happen if the stabilization program were carried out consistently. After all, adverse consequences are inevitable in certain areas in the short run. This has been looked at usually from the standpoint of how "my" republic and province will fare with each individual solution in the economic system and in development policy and economic policy. That is a state of consciousness and a criterion that is a feature of behavior not only of personnel in the republics and provinces, but even of personnel who work in federal bodies and agencies. We simply have got our criteria mixed up in making decisions.

DANAS: Doesn't that fear of the consequences lead to a new voluntarism, as when inflation is planned to be half as high this year as last, not two or three percent a month higher?

Stojanovic: Quite a bit has been said and written about programmed-planned reduction of inflation in view of the high rise of prices at the beginning of this year and the report of high demands for further price rises. The SFRY Assembly, the SFRY State Presidency and the LCY Central Committee have made a very clear commitment about what we have to do in this area in 1986 and in the coming medium-term period.

The problems also take on new importance because the views of the central committee and demands of the SFRY State Presidency have been carried out slowly and insufficiently and because, in spite of the views adopted in the SFRY Assembly, there has been no specific and integral program of changes along the line of carrying out the Long-Range Economic Stabilization Program and the accepted development policy and economic policy, nor have the conditions for economic and social entities of our system to conduct economic activity been clear and complete, which is a condition if they are to be responsible for consistently carrying out the adopted policy during the coming medium-term period and the policy for next year. For all these reasons the situation is entangled and unclear concerning performance of the large-scale and urgent task of bringing down inflation to a more considerable extent, and that certainly is not good.

Under those conditions we have been going backward; instead of all concentrating on carrying out the accepted policy, we have been conducting useless

debates, and I would say that valuable time has been passing irrecoverably, and the question is even being posed more and more frequently of whether we are looking at a change of the course that was defined in the Long-Range Economic Stabilization Program.

Planning in general, including the plan and program of activities and measures for bringing inflation in objectively possible limits, consistent with our system and level of development, is undoubtedly necessary and worthwhile. That is why it is difficult to understand and accept opinions which are opposed to a vigorous attitude on the part of society towards this large-scale task in the sector of the economy. Here it ought to be quite understandable that the planning of society's activities to reduce inflation cannot be a separate strategy detached from and independent of the strategy of the Long-Range Economic Stabilization Program, nor separate from the planning and programming of development in society in general.

Accordingly, to negate the need for organized social action and responsibility in this area and also the presence of any one-sidedness, subjectivism and voluntarism are unacceptable and carry with them dangerous and harmful consequences, especially at a time when inflation is on a rampage, as is now the case.

We have to take up an extremely vigorous attitude towards the specific tasks of halting inflation and at the same time oppose the two extremes that are present in our public life. It does not take much effort to ascertain that those extremes are basically the consequence of making the same mistake in approaching this complicated phenomenon.

The first extreme and mistake is an assessment which has already cost us quite dearly in the past: that only real interest rates and a real exchange rate of the dinar, combined with the free setting of prices, regardless of real material processes and economic relations and of the entirety of activities and measures envisaged by the Long-Range Economic Stabilization Program, and especially independently of the specific foreign economic environment and not merely the economic environment, are sufficient to stabilize our economy and to free our society from inflation. This creates a dangerous illusion to the effect that the job has been done and that we do not as a society need to become "involved" in economic flows beyond that. The constructive thing in that approach is only that certain real economic criteria are thereby introduced, above all through the exchange rate and the interest rate, as support to the orientation towards exports and more optimum use of social resources. However, the bad thing is that it forgets that real interest rates and a real exchange rate are only instruments of policy whereby we wish to affirm real categories in our economy (income, accumulation, personal incomes, depreciation) and that in and of themselves those instruments do not represent very much outside the totality of relations in the economic system and in development policy and economic policy and apart from the impact on trends in the domain of real categories, that is, on achievement of the entirety of the goals and tasks of the Long-Range Program. The one sided application and introduction of any measure, means or instrument of the system and economic policy could have concomitant negative consequences, and in the context of the pronounced material disproportions and the already problematical economic situation in which the economy is conducting its business, could cause major

damage and thereby orient social consciousness in the wrong direction when the effort is made to ascertain the causes of instability. For example, it could act against the adoption of real economic relations in our economy, and that is now the case.

It is obvious that such an approach does not respect the real depth and complexity and all the real causes of the present economic crisis, nor does it accept the assessments of the situation and of the processes in the totality of our economy set forth in the Long-Range Economic Stabilization Program, and for that reason it does not represent either an entire concept of a way out of the crisis, nor a real basis for reducing inflation.

It ought to be clear to all of us where that concept has taken us. We have paid a heavy price for the widespread illusions, and it is high time that we realize that it is urgently necessary to reject the one-sided approach and tactics of fighting inflation "step by step."

By contrast with that, some approaches to the proposal of programmed inflation, rightly advocating that society take a more vigorous attitude and that the competent institutions assume responsibility for the situation in the area of inflation, discredit the value of introducing the real exchange rate and real rate of interest in the functioning of our economy because of a neglect of real material relations and flows. This is true of all those cases when people think that the movement of inflation depends on determination and that it is possible in advance, on the basis of a desire to quite considerably reduce the rate of inflation, to determine the monthly movement of inflation and then just wait for that movement to come about. According to that approach, all types of behavior by economic entities and the solutions embodying the system and measures of economic policy and development policy must be adapted accordingly. But they do not even care what happens to real material relations in production and on the market and in society.

It turns out in this approach that the principal basis we have for building a strategy of fighting inflation is what we desire, without including what objectively exists in real economic life and society and that achievement of the goal set in that way must be pursued by the policy governing the exchange rate and the interest rate and by all other measures of economic policy. Perhaps in the short run it is not impossible to achieve certain results in that way, but it certainly is not possible to reduce inflation permanently and to any considerable extent, and at the same time numerous problems arise. For example, this immediately jeopardizes exports and opens up many new issues of development policy. If exports are to be maintained, in this situation we will have to undertake a considerable growth of resources to stimulate exports. It should be borne in mind here that the federal budget is not sufficient to finance even the tasks it has a present. Under such conditions and with such an approach it can be stated in advance that we are necessarily headed towards a further burdening of the economy with new taxes, and we are thereby increasing it. This obviously is not the end of that witches' dance but only the closing of a circle in which the objective conditions are created for the next round to begin, but at a considerably higher level, thus bringing about still greater and more complicated economic, political, social and other consequences.

The basic thing is to understand and accept that inflation can be reduced insofar as society has the real material capabilities and willingness to carry out the necessary changes in the direction of eliminating the material and other causes which directly or indirectly produce inflation or make it possible.

DANAS: There have been significantly differing views and indeed even disputes concerning the Draft of Views of the 18th Meeting of the LCY Central Committee on Decisionmaking and Disposition of Income and Resources for Social Reproduction, especially concerning the two parts of personal income. There have been warnings about the danger of levelling, about the rewarding of idleness, that some people will live at the expense of others, that there will be a redistribution of income, and so on. How much has the draft been amended after the discussions to date and the recent meeting of the LCY Central Committee, and what suggestions have been honored?

Stojanovic: The public discussion of the Draft of Views, which raised all of the essential questions and was conducted in a constructive democratic atmosphere, involved a large portion of the working class and the working people, and especially creators in the field of the theory of our system, and it made it possible to arrive at a unified proposal of views. It is altogether understandable that during the discussion there was a broad confrontation of views. This in fact helped in arriving at a real political-ideological synthesis out of the numerous and differing opinions, in the judgement of the commission and the Presidium, and that synthesis makes it possible to act in a unified way in keeping with the course of our revolution, which, taking advantage of the constructive practical experience and theoretical knowledge, is going a step further in the sense of elaborating conditions for achieving the basic constitutional commitments.

In the discussion there were also many dilemmas and fears that the views would lead towards introduction of levelling, wage rate schedules, and indeed even wage relations, that the proposed views would weaken economic criteria in the conduct of economic activity and would jeopardize the principle of distribution according to work and the results of work, that they would create relations in which someone would be able to live at someone else's expense, that noneconomic criteria would be introduced and that there would be a sizable redistribution of income. There were even views to the effect that income is thus being abandoned and the basic constitutional commitments and provisions of the Law on Associated Labor are being jeopardized. Such dilemmas and fears are without any foundation whatsoever. That was not the approach either in the draft or in the proposal of the views. The points of departure for the proposals were the program of the League of Communists of Yugoslavia, the SFRY Constitution, the Law on Associated Labor and the Long-Range Economic Stabilization Program, and they signify consistent implementation of those documents, and by no means do they jeopardize them. On the contrary, it has turned out that the greatest danger to the basic constitutional and programmatic commitments is to retain the status quo of relations in this area.

DANAS: How have the issues in greatest dispute and those mentioned most frequently been resolved?

Stojanovic: Both parts of the personal income and also the relation between accumulation and consumption must be an expression of work and of the results of work and must be made to serve successful performance of the working man's tasks as a producer and as a self-manager in the organization of associated labor which gains social recognition on the market. Otherwise neither income nor personal income can be a real and unified category. This follows from the nature of the specific production relations of self-management and from the operation of economic laws and market criteria in the conduct of economic activity. Their separate valuation should contribute to expressing the unified personal income and also unified income to full measure and on economic foundations and should help them to be authentic motivational factors, but also an instrument of economic coercion towards higher productivity of labor, and the basic factor in that evaluation is the market in the context of social ownership, self management and planning as the instruments of the working class whereby it guards social flows and achieves its own social status and performs its own role.

Insofar as in our political-and-ideological action we are expressing the real historical and vital interest of the working class and the working people, aside from everything else, we will be considerable improving the balance of power in the fight for development of self-management and will be guaranteeing active participation of the working class and the working people on the front of the struggle for development of self-management.

DANAS: Someone has said that we need a stronger government, since it seems that the Federal Executive Council, the way it is now, is vacillating too much?

Stojanovic: We have to have a strong and competent "government" to exercise its constitutional powers within, I emphasize, the constitutional limits. This means a "government" which will be capable of exercising its rights and discharging its duties on the basis and within the limits of the Constitution and federal laws, which would not allow anyone to interfere in its constitutional powers, nor will it be a "government" that will overstep its constitutional powers.

DANAS: It is possible to create such government under conditions like these?

Stojanovic: It is possible and extremely necessary. We have to have a "government" which will be turned first of all towards the SFRY Assembly, which will not be "frightened" of various pressures and cases of resistance or indeed of criticism from the position of some partial interest, which will be competent and extremely responsible and decisive in doing its job. All federal bodies and agencies have their respective powers, and everyone must do his job responsibly right through to the ultimate consequences. We have to be clear about who is to do what and is to be responsible for what. The Constitution is sufficiently clear in this regard, it simply needs to be respected. Otherwise there will be no effective resolution of social problems or achievement of dynamic and harmonious development. I am convinced that we have enough capable and trained personnel for all positions in society, including those of the greatest responsibility.

7045

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ECONOMY

YUGOSLAVIA

DRAFT LAW ON CAPITAL INVESTMENT WORK ABROAD

Belgrade PRIVRENI PRIGLED in Serbo-Croatian 3 Oct 85 p 3

[Article by Andja Petrovic: "More and More Joint Action"]

[Text] One of the most significant actions is the regulating of economic relations among participants in work abroad, in as much as there are so many: one being responsible for the work, the others answering to him for their own respective responsibilities. --The rights and obligations of the participants are determined ahead of time by the self-management agreement or contract on pooling labor and resources.

The Yugoslav economy has always relied on its ability to carry out large capital investment work in other countries. Past experience has shown that it is justifiable to expect a large contribution from this activity to solve the economic and community needs, particularly in the form of foreign exchange, however, the returns are not like those expected and desired. The truth is that while many objective foreign conditions contributed to the fact that the volume and value of our construction operations did not reach the expected level in the past few years, the expectations arising from legal regulation were even less justified.

Indeed, up to now, builders have not been completely without orientation--they have been governing themselves according to general laws covering economic relations with foreign countries and by one other special regulation. They need, however, one of their "own"--a specific law which would say everything, ensure the rules of conduct, but also lay down the obligations.

What is Expected of the Law

In contrast to other laws covering economic relations with foreign countries which are under public discussion, here we have a completely new law. Hence, its special significance, and the expectation of a part of the economic community to solve the essential questions concerning operations abroad, and particularly the mutual relations of the Yugoslav organizations which participate in these operations.

The draft law emphasizes basic goals: a larger inflow of currency into the country, greater employment of capacity and workers, a more long-term organization and linking of OURs [organizations of associated labor] and organized action on foreign markets, increased competitiveness by the Yugoslav economy on the market, increased exports and profits on work performed abroad, and thus also increased income for OURs.

Proposers of the law hope that their proposals will make construction and other organizations put more effort into exploring and capturing new markets. Better terms in respect to the settlement of accounts and value compensation between work performed and goods imported from the investor countries would also go along with this, and no less important is the granting of credits for capital investment work abroad--an element well known to Yugoslav organizations which they have been able to make use of to a very small degree. It has been very important to those carrying out capital investment work--as it will be also in the future--that, instead of disappearing somewhere else, a real foreign exchange earning be entered on their balance sheets and the credit for this be theirs.

#### Whole, Instead of Separate

It cannot be said that our builders have been an exception in conduct on foreign markets: like the others, they have acted on their own and there are really few examples of their joining together, maybe two or three of them, in negotiating with an investor. The results speak for themselves.

Reactions heard even before the Draft law appeared indicate that some businessmen will not be satisfied with the proposal that only one competitor from Yugoslavia may appear for bids and tenders unless beforehand they [a number of competitors] have concluded an agreement or contract on joint action. That is, by all estimates, one of the biggest innovations [in the draft law]. The goal is to stimulate domestic organizations to appear in an organized way before foreign partners and investors, and to ensure that economic and professional forces (candidates) be substantiated in advance and before the Yugoslav Economic Chamber. With this, organizations which are not well prepared should be persuaded to join together and to strengthen themselves with other similar organizations. Of course, firms with a comprehensive organizational structure will have enough strength and capability to deal with the competition. Proposers of the law believe that, nevertheless, it is in the interest of the Yugoslav economy that these firms not compete against each other.

The question concerning earnings of individuals arouses a good deal of interest among the general public. Representatives of the Federal Committee on Energy and Industry, who prepared the foundation of the law for the Federal Executive Council, say research has shown that workers are stimulated enough by dinar earnings to work at building sites under hardship conditions, and that only expenses incurred abroad need be covered by foreign exchange payments. The part of personal income which is paid in foreign exchange can be in convertible currency if the building firm collects for its services in that currency.

In particular, the proposers point to the goal--to increase involvement of the Yugoslav economy in the construction and equipping of investment projects through joint, allied action. This assumes a corresponding regulating of relations between participants, so it is foreseen that there will exist one entity responsible for the whole. This entity can have cooperating enterprises answering to it for their own respective tasks. The producer of the work then has a business link with the cooperating enterprise and is responsible to it. It is possible for the partner to be from abroad and act as executor of part of the work with which the manager entrusts him.

#### The Increased Role of the Yugoslav Economic Chamber

Economic relations among all can be regulated by a self-management agreement or contract on pooling labor and resources or by a contract on the sale of products under the conditions specified by the contract. A contract can be made with a foreign party on joint action.

The draft law gives a significant role to the Yugoslav Economic Chamber: the chamber will accept applications to participate in bidding and give out certificates on this if the chamber judges that the conditions for this have been met. The chamber--and this is also very important--will have the ability to bring together interested firms and to suggest that they form a consortium-like relation for joint action. If only two candidates offer an investor differing technical-technological solutions on a project, the Yugoslav Economic chamber can accept the applications of both and issue them a certificate stating that they are registered with the chamber as participants in international bidding.

The law must itself insure respect, therefore, the draft calls for very strict fines for violations and transgressions, the details of which are in agreement with other law acts regulating this matter. The Draft Law on Capital Investment Work Abroad is in the introductory phase in republic and provincial assemblies. The economy is greatly interested in having the Draft Law enacted before the end of 1985 because economic activity abroad has picked up, so that a better defined position will, by all means, help the economy to negotiate more securely with partners and competitors.

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ECONOMY

YUGOSLAVIA

#### INEQUITIES IN TAX SYSTEM DISCUSSED

Zagreb DANAS in Serbo-Croatian 14 Jan 86 pp 9-12

[Article by Mila Stula: "Rip Me Off Gently"]

[Text] The great inventor Thomas Alva Edison once said that everything that the human mind can conceive it can implement. Fortunately for Edison, he never had to verify this axiom of his in the context of Yugoslav economy, and particularly in the context of the tax system and tax policies. If it is true that every people has the kind of state it deserves, then, according to the same laws of sophistry, it is a valid assumption that every state has the kind of economy and tax system that it deserves.

The Yugoslav tax system and tax policies have, in the past four decades, been characterized by various goals that were an integral part of the changes in the economic and sociopolitical systems. In the immediate postwar period, the tax policies were used primarily as a simple and effective means of economic policy to achieve goals that had been set. The instruments used to reach into various types of incomes were relatively few, not well developed, but very effective in satisfying class-political and social demands. To a large extent, that period is characterized as one of "crude" measures, which is the fundamental serious objection to such tax policies. The 18th century French financial expert Cannar claimed that every old tax was good, and every new tax bad. His views could be taken into consideration in Yugoslavia. That is to say, even though there are attempts to shift the focus toward the achievement of economic and especially social goals, taxes to a large extent remain an instrument of fiscal policy. The gradual process of decentralization in Yugoslavia has weakened the role of broad socio-political communities and, at the same time, it strengthened the fiscal autonomy of the opstinas. It became possible for them, because of a positive process, to independently create their own tax policies, and to independently decide how to obtain the resources they needed. This is the reason for the assertion that it is a Yugoslav characteristic that there are nine tax systems and as many tax policies as there are opstinas. From the standpoint of economic systems and of Yugoslav economic policy, an unavoidable question poses itself: How can one, in view of such a "dispersed" tax policy, ensure the functioning of a unified Yugoslav market? Since the tax system and tax policies occupy the central position among the mechanisms for redistributing the national income, they are one of the fundamental preconditions for the functioning of the unified Yugoslav market. It also remains an open question how the tax system and tax policy affect the position of certain primary economic branches and groups.

## A Fundamental Lack

The Long-Term Economic Stabilization Program and the document it is based on, the Anti-Inflation Program, treat the problems of the tax system and tax policy in a manner that is too general. Still, most of the debates took place because of the fundamental position that is a consequence of this national Long-Term Economic Stabilization Program, namely that the tax system should be supplemented first of all by transforming some of the indirect taxes into direct ones in the process of meeting general and societal needs. What does this really mean? Stated simply, it means transforming the tax on transportation into a tax on the income of the basic organization of associated labor and on the incomes of the workers. According to one calculation by the Croatian Secretariat for Finance, if one were to transform the tax on the incomes of the Basic Organizations of Associated Labor and on the workers' personal incomes by one percentage point, the tax from incomes would increase 6.9 times, and that from personal incomes 11 times in comparison with the current collections from those taxes.

A second essential aspect in the current debates is the need to put emphasis on the need for more respect for the constitutional principle of having the tax obligation implemented in proportion to the economic strength of the taxpayer. The current situation is such that the one to pay the most is the one that has nothing, namely the economy.

It is therefore completely understandable why the tax system and tax policy have found themselves at the center of interest, not only in the scholarly, professional, and political circles, but also among the broadest public. The interest of "the public at large" has been stimulated primarily by the fact that the public wants to know how property and income from property will be taxed, and what the taxes on property not earned by one's own labor will be. It would seem that this is the very thing that has created, in two years of debates, the deep-rooted conviction in society that the tax system and tax policies can be used to effect radical changes in a limited period of time in the economic and especially in the social goals of the tax system and tax policies themselves. It is a mistake, however, to think that they can have a "miraculous" effect because they both have a fair number of flaws. The fundamental flaw of the tax system stems from its chronic inefficiency, which in turn stems from the inefficiency of the tax policies. It goes without saying that one cannot build an efficient and rational tax policy on an inefficient tax system. The rationality and efficiency of the tax system are reflected in the extent to which they help in the implementation of the goals of the economic system. On the other hand, the rationality and efficiency of the tax policy are also reflected by the extent to which they help in the implementation of those goals.

In achieving its goals, the tax policy has determined the goals of economic policy. In other words, this means that tax policy cannot be viewed in isolation, because its implementation, i.e. the implementation of the goals that have been set before it, represents the coordination of tax policy and other components of the economic policy. In combination with monetary policy, whose instruments make possible a faster adjustment to the goal that has been set, tax policy brings about greater efficiency in financial policy, and therefore also in economic policy itself.

## Bottomless Pit

A fundamental task of the tax system is to ensure the necessary resources (income) for discharging the functions of any contemporary state. For good reason, the well-known economist Schumpeter has already called the contemporary capitalist state the tax state. This is because, in the capitalist state, the tax system and tax policy today distribute 40 percent or more of the national income. It would be difficult to calculate and find out the figure for Yugoslavia, because taxes are collected by a system that branches out very far. States, including ours, have needs that cost money. We are supporting our state through the budget. This most recent cost increase seeks a justification in the increased needs of the users of the budget, but not a word is being said about the measures which, in the past period, were supposed to rationalize the administrative apparatus and the utilization of resources; or about what has been done; or why, in spite of views to the contrary, it is necessary to continuously use taxes in an attempt to fill a kind of bottomless pit. It would seem that the administration in New Belgrade is not lacking in courage: at a time when there has been such a decrease in the standard of living of those who are employed, it once again resolutely reached into their pockets. In reality, this is a matter of following the line of least resistance, because no measures have yet been taken to force the users of the budget to manage the budget dinars in a reasonable manner. Clearly, this is a matter of observing the general law of competition whereby needs are met as effortlessly as possible, by raising taxes. On the other hand, the taxpayer is not at all in the position of being able to ask the administration to manage economically the funds that were agreed upon in the Assembly, because until now (at least by the time that this issue was finished) there has been no case of discontinuing duplicate services, disbanding excess agencies, or laying off excess officials; or of holding someone responsible for being late or inefficient in his job, etc. Instead, there are more and more new tax rates, and one could even claim that they are in the wrong place.

Consequently, tax instruments, like their other partners, are slowing business down instead of encouraging it and they affect everything in areas of prices, distribution and earning of income, and the right to import and export; price increases and inflation are an endless and logical result of such essentially non self-managing and non-economical behavior, which as a rule closes the vicious circle. We have the case of the terrified production worker, whose wages have been knocked down to a level that is the lowest in the Old World, and who is being told that it is an unbecoming luxury to drink a cup of coffee or light a cigarette. Such a tightening of the belt would be justified in only two cases: if the resources thus collected were to be used to encourage or restructure production, or increase competitiveness and encourage exports. When they are used to patch budgetary holes, it is like pouring water against the wind. At any rate, American financial theoretician Aba Lerner claims that the payment of taxes is nothing but limiting the buying power of the taxpayer. If that is true, our buying power is probably at the limit of what is possible.

In the past functioning of the tax system and tax payments in Yugoslavia there have been a number of deformations and instances of personal wealth without labor. There has been no intervention by fiscal instruments into wealth gained in this manner. This has increased social differences and caused numerous other negative phenomena in society. All of these deformations stem from secret unreported work; trade in real estate, keeping income, and widespread hiking of prices in the market, as well as having a disproportionate part of the income come from part-time work. Many are in agreement that such widespread instances of wealth are a result of differences in trends. The main problem in Yugoslav society, however, lies in the linkage between the public and private sectors, and in the outflow of funds from the public sector into the private one and into private pockets; and in other speculative endeavors that cannot be controlled by society. The trade unions claim that one should implement as consistently as possible all the laws and regulations dealing with the tax system and tax policy. The agencies dealing with this must be adequately staffed, and the staff must be adequately remunerated, so that the financial inspector's salary is not lower than the taxpayer's pocket money and "lunch money."

What should be done? What are the magic methods that will change non-swimmers into, if not champions, then at least average swimmers? It is necessary, in expert parlance, to take care of the macrosituation, and the macrosituation will take care of itself? Or, as has been said recently, should one first take care of the macrosituation, i.e. the opstinas and their tax policies? How is this to be accomplished? Through the Long-Term Economic Stabilization Program, we have specified the direction of reform for the tax system and for the system of redistributing income for financing general and social needs. In order to implement this plan, it is necessary to implement a gradual decrease of the tax on the population in those areas that have not yet been really affected. This transformation of indirect taxes should be implemented primarily by abolishing the dual system of tax rates, so that both republic and opstina taxes on trade are not exacted for the same products. This would ensure a gradual decrease in the effects of indirect taxes on the primary incomes generating the budgets of socio-political communities. Furthermore, this would also eliminate the differences in the tax rates of the various opstinas. These different rates, in a single country, had negative consequences for the economic situation of working people and citizens. There will, of course, be a price for this. Some will have to sink, as we will have to get rid of others by force.

It is, however, an old adage that he who gives quickly gives double. Those cadres who know, and especially those who have proven that they are able, have the know-how, and are willing to work on the socialization of tax policy, urgently need support from the economic policy. It will also be necessary to forget about and, if necessary, prohibit by law, any increase in prices that would be utilized exclusively for satisfying the needs of those who have, in better times, become used to satisfying their needs in that manner. For this reason, this latest and most recent increase in prices will not satisfy anyone. It will certainly make the people hot under the collar without helping the budget very much. It would be superfluous even to mention any motivation to work.

A real opportunity to change something is hiding in the fact that those who should pay their debt to society have found a way to avoid it, while those who are paying regularly are left with nothing, or hardly anything. It is certainly difficult to live on African salaries while paying world prices, but there has never been a valid reason for either, and there still is not. It would be interesting to hear the reply to the question of why an essentially modern economy and modern state are being pushed, by administrative methods, to the margin of economic development. The taxpayers, on the other hand, should begin to act in the manner that is expected of them: they are not to smoke or take vacations, they should become perfectly healthy, work, and not buy any merchandise that could possibly be exported; also, in 1986 the Yugoslav industrial worker is to be paid an hourly wage of 69 cents.

#### The Rate Is Important

We discussed tax uncertainties with Dr Pavle Mihalj, professor of public finance at the political science faculty in Zagreb:

[Question] Is there a crisis of tax morality?

[Answer] Analyses that vary to a great extent all contain the view that there is a crisis of morality in general in Yugoslav society. Regarding tax morality, it would be more appropriate to talk about lack of development or a low level, rather than a momentary crisis. When one talks about a high level of tax morality, one most frequently has in mind the tax morality that exists in highly developed countries (for example the Scandinavian countries and the United States). One should be aware of the fact that a high level of tax morality is not developed in a short time. It is developed over decades. Undoubtedly, the effectiveness of the tax authorities has a significant influence on the development of tax morality. Strict and timely control of the earned income of the taxpayers by the tax authorities and the reduction of tax cheating to the lowest possible level are essential prerequisites for elevating tax morality to a higher level. An ineffective tax system and tax policy, an insufficiently effective tax authority (to a large extent because of inadequate staffing) have contributed to a number of deformations in this area.

[Question] Do we need a "tax police"?

[Answer] The chronic ineffectiveness of the tax system and tax policy, and the low level of tax morality create the need for much greater effectiveness on the part of the service of social income. The demand for greater effectiveness on the part of the tax authorities is neither unknown nor new. It would be more accurate to say that this is an unachieved task of many years' standing. In society, there are more and more frequent complaints against the services managing the social income, especially the inspection services, and even complaints regarding corruption in the inspection services. The complaints have become more numerous with the increase in social differentiation in Yugoslav society. I feel that these problems should be viewed in a realistic manner. Isolated cases (mentioned in the daily press) do not give us the right to conclude that these services are corrupt and ineffective. The institution of the so-called "tax police," as far as I am

concerned, would signify a lack of confidence in the service of social income. I feel that it is necessary to proceed from the real fact that the structure of the service of social income is today much more unfavorable than it was 10 or 15 years ago. One should remember that, because of the various reorganizations of these services, those cadres who could not find a place for themselves in the reorganization have ended up in these services.

[Question] In reality, this means that the problem is in the cadres, right?

[Answer] The problem is not that there are no educated cadres (either economists or lawyers), but rather in the fact that one does not become a "finance expert" overnight. The voiced need for the permanent training of these cadres has remained just a good idea. In addition to being familiar with the tax system and tax policy and, of course, social trends, it is necessary also to take into account certain other things, such as the odiousness of the job and the relatively low salaries of workers in these services. A worker in such a service must be a kind of "financial psychologist." To put it in simple terms, he must know every taxpayer. As far as remuneration is concerned, a worker in one of these services must be immune to any possible "influence" by the taxpayer. If we were to opt for, as you put it, the introduction of a "tax police," we should also opt for tax attorneys who would give the taxpayer the necessary assistance to find his way through the mountains of complex tax regulations.

[Questions] What about social differentiation and tax policy?

[Answer] In addition to the fundamental task of the tax system, which is to ensure the necessary income, the tax system and tax policy are given a non-fiscal (economic and social) function. At a time of more and more pronounced differentiations in Yugoslav society, increasingly greater emphasis has been given to the idea that these differentiations can be effectively resolved through tax policy. I maintain that tax policy is not any kind of "magic wand" that could resolve all these problems in a short period of time. This, of course, does not mean that tax policy could not be of use, much more than in the past, to help in the resolution of these problems.

It is not a function of tax policy to affect more strictly those incomes and property that are not the result of labor. First of all, it is necessary to prevent the accumulation of property and income that are not the result of labor. Other authorities, whose job it is to do this, should see to that.

[Question] One of the more and more frequently asked questions is the issue of wealth stemming from interest and, in connection with this, the demand that interest be taxed.

[Answer] I am not in favor of the situation where, at a time of high inflation, the rich are growing richer and the poor poorer. Only a year ago we discussed the number of billionaires in Yugoslavia. Today, that question is superfluous. The high inflation has made everybody who has a decent apartment a billionaire. It seems superfluous to discuss the taxing of interest as an alleged source of wealth. The reason is simple--the interest is not positive. Consequently, until such time as interest becomes positive,

taxing is out of the question. Likewise, it is out of the question whether or not to tax property. The question is the rate. In countries where property is taxed, the rate is expressed in thousandths. Another problem is how to establish the base at a time of high inflation.

[Question] In your view, what should be taken into account when levying taxes?

[Answer] In any tax levy, care should be taken not to cause the opposite effect. Our experience confirms this best. Examples from what we today call "small economy" are excellent examples. It is indisputable that every taxpayer tries to have his economic power reduced by taxes as little as possible. In other words, he tries to reduce his tax obligation as much as possible or even to avoid it altogether. The signaling effect of taxes (the announcement of taxes) can very frequently have negative effects on the taxpayer's economic activity. The stronger the signaling activity, the more complex the problem becomes. It is therefore very important, in the case of significant changes, to present the expected changes to the taxpayer as realistically as possible. Likewise, the taxpayer should take an interest in how the collected tax funds will be spent. It is true that the principle of having things public makes it possible for everybody to learn how the funds are spent. It seems to me, however, that in Yugoslavia the taxpayer either is not interested or does not think that he can influence how the resources will be spent. Both possibilities are worrisome.

Unequal

Marijan Erhatic, director of the Income Administration of Croatia

With the conclusion of last year's agreement among the republics and provinces on the tax system and tax policies, the republics and provinces have assumed the obligation to equalize their tax systems, which was not the case before. In order to achieve that, in addition to the adoption of a Law on Tax on Trade in Real Estate and Entitlements, the republic must conclude an agreement on coordinating elements of tax policy for the medium-term plan period until the end of 1990. Such an agreement would specify all elements of tax policy that have been coordinated at the Yugoslav level, and also those elements that are proposed in these laws. They also create the conditions for equalizing the tax policies of the various opstinas in Croatia and they ensure that citizens who earn their income under like circumstances pay the same social obligations. At the same time, they ensure the unity of the market and spread the burden of social obligations equally among the citizens, i.e. it strengthens the economic and social aspects of taxes. Even though there has been movement, however, we have still not gone beyond the decision-making stage. The question is, how long can this go on?

9110/9869

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ECONOMY

YUGOSLAVIA

#### ALLOCATION OF FOREIGN EXCHANGE FOR FEDERAL USE

Belgrade SLUZBENI LIST SFRJ in Serbo-Croatian No 2, 17 Jan 86 pp 32-37

[Order issued by the Federal Executive Council 13 January 1986 and signed by Milka Planinc]

[Text] 1. The resources set aside for the needs of the Federation in the Projection of Yugoslavia's Balance of Payments for 1986, in the equivalent dinar value of 240,986,830,000, may be used as follows:

- 1) for invisibles -- in the amount of 30,950,010,000 dinars;
- 2) for visibles -- in the amount of 210,036,820,000 dinars.

The resources referred to in Paragraph 1 of this point represent the equivalent dinar value of foreign exchange calculated at the exchange rate of 264.53 dinars for one US dollar.

2. The Allocation of Foreign Exchange for 1986, which is being published along with this order and constitutes an integral part of it, establishes within the limits of the amounts referred to in Paragraph, Point 1, of this order the maximum amount of foreign exchange for individual users.

3. Foreign exchange reserves have been established to meet unforeseen and underestimated expenditures of federal bodies and agencies and to meet the needs of exercising the rights and discharging the responsibilities of the Federation in the Allocation of Foreign Exchange for 1986.

The federal secretary for finance shall rule on applications of competent comptrollers in rejecting or approving use of foreign exchange reserves, which in the individual case may not exceed the amount of 2,000,000 dinars.

4. Out of the total amount of resources stated in Point 1 of this decision 69.93 percent may be used in convertible currencies and 30.07 percent in other currencies.

The federal secretary for finance may allow individual users to use the foreign exchange allocated by this order in larger or smaller percentages than those stated in Paragraph 1 of this point provided the ratio stated in Paragraph 1 of this point is maintained for the total resources allocated.



5. The resources allocated shall be made available to users under this order on the basis of an argued and documented application in accordance with the annual plan or work program.

Resources allocated to users shall be made available to them within the limits of the resources of the particular federal body or agency or federal organization on the basis of applications of the bodies, agencies or organizations to finance established programs and transactions contracted for.

6. The federal secretary for finance shall alter the purpose and amounts of resources stated for invisible payments in the Allocation of Foreign Exchange for 1986 in accordance with the applications of the competent comptrollers.

7. The federal secretary for finance shall refund resources set forth in the Allocation of Foreign Exchange for 1986 in accordance with the applications of competent comptrollers.

8. The foreign exchange referred to in Point 1 of this order may be used to make payments through 31 December 1986.

9. This order shall take effect on the day after publication in SLUZBENI LIST SFRJ.

#### DISTRIBUTION OF FOREIGN EXCHANGE FOR 1986

<u>User</u>	<u>Equivalent dinar value</u>
a) Material reserves of the Federation	
Visible payments	51,318,820,000
<u>TOTAL</u>	<u>51,318,820,000</u>
b) Fund of solidarity with the nonaligned countries and developing countries	
Invisible payments:	
misc payments	872,949,000
<u>TOTAL</u>	<u>872,949,000</u>
c) Federal bodies and agencies and exercise of the rights and discharge of the duties of the Federation	
Invisible payments	26,354,696,640
Visible payments	149,819,734,000
Reserve funds	12,620,630,360
<u>TOTAL</u>	<u>188,795,061,000</u>

The funds allocated for visibles and invisibles shall be allocated among the following users:

<u>No</u>	<u>User</u>	<u>Equivalent</u>	<u>dinar</u>	<u>value</u>
1.	State Presidency of the Socialist Federal Republic of Yugoslavia			
	1) Own payments			
	Invisible payments:			
	--official travel	37,934,000		
	--misc payments	2,115,000		40,049,000
	Visible payments			4,630,000
	2) For the Department for Entertainment Facilities of the SFRY State Presidency			
	Invisible payments:			
	--official travel			265,000
	Visible payments			4,630,000
	3) For the "Josip Broz Tito" Memorial Center			
	Invisible payments:			
	--official travel			973,000
	Visible payments			5,500,000
	<u>Total</u>			<u>56,047,00</u>
2.	SFRY Assembly			
	Invisible payments:			
	--official travel	22,856,000		
	--assessments	6,593,000		
	--misc payments	132,000		29,581,000
	Visible payments			58,692,000
	<u>Total</u>			<u>88,273,000</u>
3.	Council of the Federation			
	Invisible payments:			
	--official travel			63,000
	<u>Total</u>			<u>63,000</u>
4.	Federal Executive Council			
	1) Own payments			
	Invisible payments:			
	--official travel	98.526,000		
	--assessments	498,850,000		
	--misc payments	2,650,000		600,026,000
	Visible payments			25,130,000
	2) For the Department for Defense Prepara- tions of the Federal Executive Council			
	Visible payments			3,000,000
	<u>Total</u>			<u>628,156,000</u>
5.	Constitutional Court of Yugoslavia			
	Invisible payments:			
	--official travel			671,000
	<u>Total</u>			<u>671,000</u>

6. Federal Court		
Invisible payments:		
--official travel		385,000
<u>Total</u>		<u>385,000</u>
7. Federal Public		
Prosecutor's Office		
Invisible payments:		
--official travel		866,000
<u>Total</u>		<u>866,000</u>
8. Federal Solicitor		
General's Office		
Invisible payments:		
--official travel		693,000
<u>Total</u>		<u>693,000</u>
9. Federal Secretariat		
for Foreign Affairs		
Invisible payments:		
--official travel	136,500,000	
--missions	13,708,000,000	
--assessments	916,308,000	
--misc payments	3,141,000	14,853,949,000
Visible payments		182,300,000
<u>Total</u>		<u>15,036,249,000</u>
10. Federal Secretariat		
for National Defense		
Invisible payments:		
--official travel	164,084,000	
--missions	446,070,000	
--assessments	8,316,000	
--medical treatment abroad	62,551,000	
--specialization	532,083,000	
--misc payments	12,844,000	1,225,948,000
Visible payments		138,976,692,000
<u>Total</u>		<u>140,202,640,000</u>
11. Federal Secretariat		
for Internal Affairs		
1) Own payments		
Invisible payments:		
--official travel	52,280,000	
--assessments	21,428,000	
--specialization	8,547,000	
--misc payments	213,676,000	295,931,000
Visible payments		569,800,000
2) For the Security Institute		
Invisible payments:		
--official travel	11,400,000	
--assessments	1,425,000	
--specialization	847,000	
--misc payments	14,245,000	27,917,000
Visible payments		89,067,000

3) For the Yugoslav Traffic Safety Council		
Invisible payments		
--official travel	641,000	
--assessments	613,000	1,254,000
<u>Total</u>		<u>983,969,000</u>
12. Federal Secretariat for Finance		
Invisible payments		
--official travel	7,450,000	
--assessments	506,071,000	
--transfer of legacies and family support	56,980,000	
--misc payments	2,471,741,000	3,042,242,000
<u>Total</u>		<u>3,042,242,000</u>
13. Federal Secretariat for Foreign Trade		
Invisible payments		
--official travel	8,328,000	
--assessments	145,385,000	
--misc payments	1,567,000	155,280,000
<u>Total</u>		<u>155,280,000</u>
14. Federal Secretariat for the Market and General Economic Affairs		
Invisible payments		
--official travel	627,000	
--assessments	21,808,000	
--misc payments	265,000	22,700,000
<u>Total</u>		<u>22,707,000</u>
15. Federal Secretariat for Jurisprudence and Organization of the Federal Administration		
1) Own payments		
Invisible payments		
--official travel	2,147,000	
--specialization	1,002,000	
--misc payments	794,000	3,943,000
2) For the Automatic Information Processing Bureau		
Invisible payments		
--official travel	127,000	
--specialization	1,200,000	1,327,000
Visible payments		39,680,000
3) For the Bureau for Upgrading the Federal Administration		
Invisible payments		
--official travel	192,000	
--assessments	1,093,000	1,285,000
<u>Total</u>		<u>46,235,000</u>
16. Federal Secretariat for Information		
1) Own payments		
Invisible payments		
--official travel	9,462,000	

--misc payments	13,798,000	23,260,000
Visible payments		15,524,000
2) For Radio Yugoslavia		
Invisible payments		1,500,000
--official travel		403,106,000
Visible payments		
3) For Yugoslav Radio-Television		
Invisible payments		
--official travel	10,598,000	
--assessments	190,726,000	
--misc payments	166,762,000	368,086,000
Visible payments		22,610,000
4) For the "Tanjug" News Agency		
Invisible payments		
--official travel	15,759,000	
--foreign news bureaus	508,438,000	
--assessments	3,798,000	
--misc payments	279,134,000	807,129,000
Visible payments		147,920,000
5) For the newsreel "Filmske Novosti"		
Invisible payments		
--official travel	1,090,000	
--assessments	655,000	1,745,000
Visible payments		56,700,000
<u>Total</u>		<u>1,847,580,000</u>
17. Federal Committee		
for Legislation		
1) Own Payments		
Invisible payments		842,000
--official travel		
2) For the newspaper publishing establishment		
SLUZBENI LIST SFRJ		
Visible payments		46,050,000
<u>Total</u>		<u>46,892,000</u>
18. Federal Committee for		
Energy and Industry		
Invisible payments		
--official travel	3,031,000	
--assessments	155,356,000	158,387,000
<u>Total</u>		<u>158,387,000</u>
19. Federal Committee for Agriculture		
Invisible payments		
--official travel	4,242,000	
--assessments	9,117,000	
--misc payments	26,453,000	39,812,000
<u>Total</u>		<u>39,812,000</u>
20. Federal Committee for		
Transportation and Communications		
1) Own Payments		
Invisible payments		
--official travel	3,419,000	
--assessments	146,025,000	149,444,000

2) For the Seaway Maintenance Institution		
Visible payments		70,387,000
3) For the Inland Waterway Maintenance Institution		
Invisible payments		
--official travel	587,000	
--assessments	295,000	882,000
Visible payments		61,532,000
4) For the Yugoslav Shipping Register		
Invisible payments		
--official travel	1,296,000	
--misc payments	8,789,000	10,085,000
Visible payments		58,196,000
5) For the Geomagnetic Institute		
Invisible payments		
--official travel	400,000	
--specialization	952,000	1,352,000
Visible payments		10,672,000
<u>Total</u>		<u>362,550,000</u>
21. Federal Committee for		
Labor, Health and Social Welfare		
1) Own payments		
Invisible payments		
--official travel	4,120,000	
--assessments	449,183,000	453,303,000
2) For the Federal Bureau for Health Care		
Invisible payments		
--official travel		258,000
3) For the Federation of Yugoslav Health		
and Health Care Communities		
Invisible payments		
--official travel	110,000	
--health care	608,418,000	608,528,000
4) For the Federation fo Yugoslav Health		
and Disability Insurance Communities		
Invisible payments		
--official travel	521,000	
--assessments	8,164,000	
--pension benefits	1,931,202,000	1,939,887,000
<u>Total</u>		<u>3,001,976,000</u>
22. Federal Employment		
Security Bureau		
Invisible payments		
--official travel		2,392,000
<u>Total</u>		<u>2,392,000</u>
23. Federal Committee for		
Affairs of War Veterans		
and Military Disabled		
Invisible payments		
--official travel	427,000	
--disability benefits	331,585,000	
--misc payments	31,496,000	363,508,000
<u>Total</u>		<u>363,508,000</u>

24. Federal Customs Administration		
Invisible payments		
--official travel	1,768,000	
--assessments	8,383,000	10,151,000
Visible payments		253,473,000
<u>Total</u>		<u>263,624,000</u>
25. Federal Administration for Flight Control		
Invisible payments		
--official travel	1,969,000	
--specialization	8,960,000	
--misc payments	53,937,000	64,866,000
Visible payments		1,759,896,000
<u>Total</u>		<u>1,824,762,000</u>
26. Federal Administration for Radio Communications		
Invisible payments		
--official travel	4,118,000	
--assessments	2,198,000	
--misc payments	3,296,000	9,612,000
Visible payments		47,635,000
<u>Total</u>		<u>57,247,000</u>
27. Federal Foreign Exchange Inspectorate		
Invisible payments		
--official travel		2,020,000
<u>Total</u>		<u>2,020,000</u>
28. Federal Aviation Inspectorate		
Invisible payments		
--official travel	2,422,000	
--misc payments	1,510,000	3,932,000
Visible payments		1,598,000
<u>Total</u>		<u>5,530,000</u>
29. Federal Bureau for Social Planning		
Invisible payments		
--official travel		2,245,000
<u>Total</u>		<u>2,245,000</u>
30. Federal Bureau for International Scientific, Educational and Cultural, and Technical Cooperation		
Invisible payments		
--official travel	12,402,000	
--assessments	121,222,000	
--misc payments	129,272,000	262,896,000
<u>Total</u>		<u>262,896,000</u>
31. Federal Bureau of Statistics		
Invisible payments		
--official travel	2,123,000	
--assessments	176,000	2,299,000
Visible payments		725,341,000
<u>Total</u>		<u>727,640,000</u>

32. Federal Hydrometeorology Bureau		
Invisible payments		
--official travel	1,004,000	
--assessments	65,000,000	
--misc payments	1,281,000	67,285,000
Visible payments		132,001,000
<u>Total</u>		<u>199,286,000</u>
33. Federal Bureau for Standardization		
Invisible payments		
--official travel	3,419,000	
--assessments	22,892,000	
--misc payments	703,000	27,014,000
Visible payments		17,940,000
<u>Total</u>		<u>44,954,000</u>
34. Federal Bureau for Patents		
Invisible payments		
--official travel	674,000	
--misc payments	6,416,000	7,090,000
Visible payments		678,000
<u>Total</u>		<u>7,768,000</u>
35. Federal Bureau for Weights and Measures and Precious Metals		
Invisible payments		
--official travel	1,044,000	
--assessments	6,269,000	
--misc payments	932,000	8,245,000
Visible payments		62,145,000
<u>Total</u>		<u>70,390,000</u>
36. Federal Geology Bureau		
Invisible payments		
--official travel		967,000
<u>Total</u>		<u>967,000</u>
37. Yugoslav Archives		
Invisible payments		
--official travel	1,145,000	
--assessments	338,000	
--misc payments	689,000	2,172,000
Visible payments		3,214,000
<u>Total</u>		<u>5,386,000</u>
38. Federal Directorate for Commodity Reserves		
Invisible payments		
--official travel	1,323,000	
--misc payments	185,000	1,508,000
<u>Total</u>		<u>1,508,000</u>
39. Department for Rendering Services to Meet the Entertainment Needs of Federal Bodies and Agencies		
Invisible payments		
--official travel		1,219,000
Visible payments		39,333,000
<u>Total</u>		<u>40,552,000</u>



40. Department for Air Transport of Federal Bodies and Agencies		
Invisible payments		
--official travel	4,429,000	
--misc payments	138,711,000	143,140,000
Visible payments		25,504,000
<u>Total</u>		<u>168,644,000</u>
41. Department for Financial and Inventory Recordkeeping of Federal Administrative Agencies and Federal Organizations		
Visible payments		2,709,000
<u>Total</u>		<u>2,709,000</u>
42. Technical Support Department of Federal Administrative Agencies and Federal Organizations		
Visible payments		51,729,000
<u>Total</u>		<u>51,729,000</u>
43. Administration for Management of Office Buildings of Federal Bodies and Agencies		
Visible payments		18,155,000
<u>Total</u>		<u>18,155,000</u>
44. Garage of Federal Bodies and Agencies		
Visible payments		11,635,000
<u>Total</u>		<u>11,635,000</u>
45. Translation Department		
Invisible payments		
--official travel	735,000	
--specialization	1,145,000	1,880,000
Visible payments		4,702,000
<u>Total</u>		<u>6,582,000</u>
46. Federal Fund for Credit-Financing the Faster Development of the Economically Underdeveloped Republics and Autonomous Provinces		
Invisible payments		
--official travel		191,000
<u>Total</u>		<u>191,000</u>
47. Presidium of the Central Committee of the League of Communists of Yugoslavia		
1) Own payments		
Invisible payments		
--official travel	4,973,000	
--misc payments	108,752,000	113,725,000
Visible payments		3,271,000
2) For the "KOMUNIST" newspaper publishing firm		
Invisible payments		
--official travel	2,944,000	
--misc payments	7,716,000	10,660,000
Visible payments		93,000

3) For the Administration of the Building of the		
LCY and Serbian LC Central Committees		
Invisible payments		
--official travel	130,000	
--misc payments	452,000	582,000
Visible payments		
		39,396,000
<u>Total</u>		<u>167,727,000</u>
48. Federal Conference of the		
Socialist Alliance of Working		
People of Yugoslavia		
1) Own payments		
Invisible payments		
--official travel	14,121,140	
--assessments	2,593,00	
--misc payments	39,679,000	56,393,140
2) For the "BORBA" newspaper		
publishing and printing firm		
Invisible payments		
--official travel	17,094,000	
--foreign news bureaus	36,310,000	53,404,000
Visible payments		
		176,439,000
<u>Total</u>		<u>[sic] 286,236,000</u>
49. Presidium of the Conference of the		
Socialist Youth League of Yugoslavia		
Invisible payments		
--official travel	12,820,500	
--assessments	5,634,000	
--misc payments	11,538,000	29,882,500
Visible payments		
		2,895,000
<u>Total</u>		<u>32,887,500</u>
50. Federation of Associations		
of Veterans of the National		
Liberation War of Yugoslavia		
Invisible payments		
--official travel	5,444,000	
--assessments	303,000	5,747,000
<u>Total</u>		<u>5,747,000</u>
51. Council of the Federation		
of Yugoslav Trade Unions		
Invisible payments		
--official travel	16,872,000	
--assessments	6,410,000	
--misc payments	16,208,000	39,490,000
<u>Total</u>		<u>39,490,000</u>
52. Presidium of Yugoslav Red Cross		
Invisible payments		
--official travel	4,285,000	
--assessments	11,507,000	
--misc payments	27,531,000	43,323,000
<u>Total</u>		<u>43,323,000</u>

53. Yugoslav League for Peace,  
Independence and Equality of Nations

Invisible payments		
--official travel	2,262,000	
--assessments	453,000	2,715,000
<u>Total</u>		<u>2,715,000</u>

54. Federation of United Nations  
Associations of Yugoslavia

Invisible payments		
--official travel	679,000	
--assessments	202,000	881,000
<u>Total</u>		<u>881,000</u>

55. Federation for Physical  
Education of Yugoslavia

Invisible payments		
--official travel	57,887,000	
--assessments	20,242,000	78,129,000
Visible payments		31,460,000
<u>Total</u>		<u>109,589,000</u>

56. Popular Technology--Federation  
of Organizations for Popular  
Technical Education of Yugoslavia

Invisible payments		
--official travel	2,584,000	
--assessments	3,191,000	5,775,000
<u>Total</u>		<u>5,775,000</u>

57. Yugoslav Firefighters Federation

Invisible payments		
--official travel	997,000	
--assessments	427,000	1,424,000
<u>Total</u>		<u>1,424,000</u>

58. Social Accounting Service of Yugoslavia

Invisible payments		
--official travel	4,547,000	
--assessments	1,235,000	
--specialization	4,893,000	
--misc payments	1,608,000	12,283,000
Visible payments		2,884,167,000
<u>Total</u>		<u>2,884,450,000</u>

59. National Bank of Yugoslavia

Invisible payments		
--official travel	11,967,000	
--assessments	135,000	
--specialization	4,258,000	
--misc payments	29,333,000	45,693,000
Visible payments		2,672,507,000
<u>Total</u>		<u>2,718,200,000</u>

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ECONOMY

YUGOSLAVIA

#### STEPS TOWARD INTEGRATING ECONOMY

Belgrade INTERVJU in Serbo-Croatian 17 Jan 86 pp 40-41

[Article by Dragoljub Zarkovic: "The Spirit Out of the Bottle"]

[Text] It is being proven even now that unity is brought about more rapidly and far more effectively under the strong pressure of economics, engineering, and technology than when proclamations and slogans are the only catalysts of that process. These new winds in business life, but indeed throughout the life of the Yugoslav community, are among the "valuable fruits of the crisis," that is, of the greater awareness of the thought expressed by the saying "He who feeds himself on waiting will die of hunger."

That is yet another reason why a news item published a few days ago in the daily newspapers is instructive. Under the headline "Locomotives Without Borders" was an article which said:

Trains pulled by Montenegrin, Serbian, Bosnian, or Vojvodina locomotives are now reaching Slovenia. For them, that is, there are no longer railroad borders along the lines of the republics and provinces. Along with praise for the efforts of the railroad people to operate as a unified technical and technological system even in practice, Joza Slokar, chairman of the Business Board of the Ljubljana Railroad Enterprise, emphasized that he was convinced that the era of dividing up traction among OOUR's on the railroad is a thing of the past. Economic interests have carried the day, and that is why the locomotives are now passing over even into "other people's territories."

#### The Process of Integration

Let us leave to one side for the moment the fact that a news item which expresses the elementary logic of good stewardship should become the story of the day. The time has obviously come for news items of that kind, and they can only give us greater encouragement.

The overall economic situation, which does not need any fuller description, is driving business people to explore ways of more efficient economic activity. The atomization of capital, along with the generally unfavorable conditions on the domestic and foreign markets, drives people to that kind of behavior. Here is what has been said by Radenko Puzovic, chairman of the Council of the Federation of Trade Unions of Belgrade:

In associated labor there is ever stronger pressure of the workers to be more determined in undertaking integration and establishment of linkage of OUR's over a broader area. After all, this is seen as an opportunity for advancement of technology, for better-quality production, for higher utilization of capacity and personnel, for higher productivity, for exports, for a faster rate of turnover of capital, and for everything else which makes production more efficient and improves the working and living conditions of the workers. The encouraging thing is that these matters are not left merely with commitments, proclamations, and statements of position, but practical steps are also being taken. Business communities have been formed for development of aviation, for electronics and new technologies, for the computer industry. Processes are now under way to link together "Gosa," "Energoprojekt," "Minel," and MIN as well as to create a business community of the free trade zone in Belgrade. The Project Kuban, in addition to the Beograd Agroindustrial Combine, brings together a considerable number of OUR's; and "Ivo Lola Ribar" will also be collaborating with many work organizations on certain programs.

This process of integration is taking place at all levels. From the work organization to complex organizations, but it is also increasingly noticeable in large systems, business communities, and in the gathering around of major projects. The reassessment of the level of organization of self-management and of operation and technology at the level of the work organization has been most noticeable in Serbia, where this process has also had political support.

Here is what was recently said by Dobrivoje Cuk, who has a master's degree in the organizational sciences and who in 1980 headed a team which carried out the new pattern of organization in "Zmaj," and just recently a reorganization as well:

"One has to be brave and honestly admit that we cut up our previous organization into pieces which were too small. To be more precise, we attempted to implement in practice all the theoretical knowledge on this subject, and it turned out that the appropriate conditions did not exist in our factory."

As a matter of fact it turned out that excessive divisiveness in the technical and financial sense was one of the chief obstacles to sound conduct of business. Only the large and the strong were able to survive. This process has now begun to take place more rapidly, and it no longer stops at the fence of the enterprise. Business people are now going to cross both regional boundaries and also the boundaries of the republics and provinces more often and more easily, which is to be supported by a whole arsenal of measures in the field of politics, from legislation all the way to pats on the back and public commendations. Even the politicians are aware of this, so that Radovan Vlackovic, chairman of the SFRY State Presidency, took advantage of the occasion at the launching of the first Yugoslav-made platform for exploring the seabed in Rijeka to praise certain other joint Yugoslav programs (the "Nikola Tesla" Thermal Electric Power Plant in Obrenovac, the "Yugo" project), but also to reproach the old practice of disunity and of economic and technological fragmentation (JUPAK).

These encouraging signs--and, of course, they are much more than that--are indispensable at a time when the circulation of money and goods across the borders of the republics and provinces have been reduced to marginal quantities and in years when the average growth of the social product is measured in a miserable 1 percent, and when the concentration of money and knowledge is indispensable if we are to keep place at all with the world.

#### Emphasis on Earnings

As a society we have to confront the fact that an economy which has been cutting back investments for 5 years now cannot be counted on to get out of the crisis soon, much less achieve progress. The year before last, that is, 1984, investments were almost one-third of what they were in 1979. With that kind of trend we cannot count on an economically sound rise of employment, nor on an increase in the capital-labor ratio, which is a condition for raising productivity. And without raising productivity we cannot even think of being satisfactorily competitive on the foreign market. And if we are not able to sell goods on that market, then the burden of \$5 billion in debt, which is what we repay to creditors in an average year, becomes an intolerable ballast, since that debt represents, once again on an average, 10 percent of the social product. And if those dollars are to be returned, we have to cut back still more all forms of consumption--personal consumption, community consumption, and investment spending.

An economy which has found itself in this dolorous set of circumstances had to seek ways of extrication. One of them is to establish associations over the broadest possible area. It has turned out that this is altogether possible and worthwhile when such programs fulfill several essential conditions.

First of all, large earnings, on the foreign market if possible. The seriousness with which the subcontractors of "Crvena Zastava"--at one time capable of both blackmail and of shirking--have tackled up the job concerning the "Yugo" indicates that one good transaction can change a thousand things. Everyone sees this transaction as an opportunity (for larger income, new technologies, and new markets), and the change in behavior is just as logical as the previous attempts to obtain the largest portion of income on the oversaturated automobile market within the country with the smallest possible investment and effort.

#### Slogans Do Not Help

The second factor is incentives. The construction site of Unit B-2 of the thermal electric power plant at Obrenovac has been "Yugoslavia in the Small," as the newsmen have often written. The teams from Belgrade, Zagreb, Ljubljana, Sarajevo, Maribor, Novi Sad, Zenica, Sevojno, Svetozarevo, and Nis--there is no need for us to enumerate any more, since it is quite a long list--finished the job in a crash effort--considerably ahead of schedule--and this was a project of markedly complicated technological structure and immense size, knowing full well what and how much it meant for each of them to beat the deadline by 1 hour, by 1 day, or by an entire month.

All the reporters rushed to get to this construction site early (and in one form or another they all repeated that "there is no nationalism among the workers"), describing this labor victory in the vocabulary used for the railroad line between Samac and Sarajevo, which in fact these builders today deserve, but this style that resembles a bit the 10-beat line of the epic poem distracted almost everyone from the predominant motive of this kind of behavior--the pronounced economic incentive of the mechanics, the builders, and the assemblers, and still more the enterprises which were involved in this job. Here, they found an opportunity not only to install equipment and live labor, but also to master new technologies and obtain references for work in the future which is not run-of-the-mill.

That is, it has turned out that formation of association concerning a particular project is the only right way. If this project promises an effective return on the income or labor invested, then the hurdles are taken at a run. On the other hand, the effects of calling for association in slogans yield poor results. Wherever the guarantees that joint undertakings or investments will pay off are shaky, that is, where experience suggests fourfold caution, the results of association are also poor. Somewhere in mid-September 1985 the datum was presented in the Assembly of the Fund for Faster Development of the Underdeveloped Republics and SAP Kosovo that only 7.9 percent of the 79 billion dinars which were supposed to be pooled between the advanced and the underdeveloped in 1985 had actually been accounted for. In that year, in the words of Momcilo Blagovcanin, director of the fund, 88 agreements were concluded on pooling for projects with an estimated cost of about 40 billion dinars, but the investors in the underdeveloped regions had paid in only about 5 million dinars.

#### The Devil Had the Last Laugh

Technological development offers a special challenge to pooling. As a rule these are the most expensive investment projects with the longest construction time. But at a time when the entire world is getting organized, we cannot sit with our hands folded. The facts about our status in the "Eureka" system need not be repeated, except for the observation that Europe is obviously not counting on us seriously at the present, not only because of our overall economic situation, but also because of "domestic unruliness" in such important matters. After all, what is one to expect of a country which cannot even act in a united way in regulating its information network. JUPAK was one of the "trial balloons" that was punctured precisely because of fragmentation. It began with the idea that the data transmission network should be built as a single entity for the entire country because of its economic and technological importance and indeed even its significance to security. That clear and logical determination was not respected. The PTT enterprises in Croatia and Slovenia began to build their own parts of the network on their own, which they did on the basis of a license. Then some other things became involved here, including even the question of whether Yugoslavia as a whole could become part of a European network for the same purpose or whether this should be done by each republic and province separately (assuming they were accepted).

But there is a glimmer of hope even in the area of mastering the most sophisticated technologies. The JUROB system is evidence of this. This is the program for robotization of industry which at the moment involves all of 104 Yugoslav scientific, manufacturing, and other organizations. They include "Prva Petoletka," "Iskra," "Ivo Lola Ribar," "Gorenje," "Energoinvest," "Rade Koncar," "Mihajlo Pupin," and "Jozef Stefan" Institutes, almost all the mechanical engineering and electrical engineering departments of universities in the country.... This is seen as an opportunity not only for specific business moves ("Prva Petoletka" and "Ivo Lola Ribar" have already achieved notable results abroad in the robotization of industrial production), but also for picking up a connection to "Eureka," which also contains the preliminary project "EUROBOT."

So, in all areas of activity there are examples that indicate that we are all listening to the same music. And not only in the case of major and strategic projects and programs, but even with respect to the little things which life is made up of. A solution is also expected soon for a problem which Yugoslavia has had for several years--standard bottles for vegetable oil. Even 2 years ago the makers of oil calculated that the standard bottle would bring a saving of some 10 billion old dinars every year. Now the trade sector is returning the empty bottles, regardless of type, to the oil producers, and they are making an exchange. Thus, the bottles keep on traveling, and the income is squandered. It is expected that by midyear they will all be filling the same bottles. It took 3 years to arrive at that agreement.

But the time has obviously come for some other spirit to come out of the bottle. Not, of course, only from the bottle for vegetable oil.

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ECONOMY

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#### NEW SMALL-BUSINESS DISPLAY AREA TO OPEN IN ZAGREB

Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 20 Jan 86 pp 22-23

[Article by Ruzica Vuger: "Small Business: Things Are Moving, Though Slowly"]

[Text] If everything goes according to plan, in a few months an entire floor of the remodeled "Ferimport" Department Store, which is at the very heart of Zagreb and is one of the largest organizations in Yugoslavia's trade sector, will be turned into a sales and display area for small business with a computerized information center concerning its present and potential offering to industry and the public. This will certainly be the most visible sign to the public that "better days" are after all coming in the treatment of this sector; although the ideological differences have not been overcome, nor the superficial view that small business is a "necessary evil" and temporary concession in development of a socialist society, mainly because of the present pressure of unemployment.

Small business has been with us for a long time, but rarely has it been dealt with in "high-level forums," and then mainly in vague terms, and up until now there have not been sufficient results from the possible "support" in principle. Nor has any information about the very important role of small business even in the functioning of the technologically most advanced countries been able to shake the myth of the tall factory chimney as the measure and most correct indicator of socialist development. The way small business is seen, especially in our context and social relations, has hardly gone further in many heads than the little private shop of some barber, cobbler, or watchmaker or some other service activity of similar rank. According to that conception, all production certainly falls exclusively in the socialized sector, if possible in the group of large socialist giants organized on the principle of all-inclusive vertical entities which not only contain as many phases as possible of the basic production cycle, but also the production of the largest possible number of components they use. The fact that many of those components are needed only occasionally or in very small production runs and that their production puts an inadvisable burden on the finished product, ought not to be a hindrance: the cost principle of the nonmarket conduct of economic activity covered all of that without major problems on a domestic market that was overheated with demand, and the philosophy of exporting as a patriotic obligation and success regardless of the cost provided the alibi for selling even at a loss.

Large manufacturing and commercial organizations have had no interest in clearing the way for the development of small business. Given the unrealistic exchange rate and the accessibility of borrowed money, everything that they did not want to produce or were unable to produce in their own plants they simply imported, inexpensively so it seemed. It was easier to get along with imports than to devise new production programs and find those who could carry them out, and it was easy to obtain foreign exchange as the debts were piling up. In addition, this method of conducting economic activity carried no burden of political-ideological suspicion, which during all that time hovered like a cloud over collaboration with small business, especially with those of its members coming from the private sector. Any business arrangement of that kind meant suspicion because of possible privatization, bribery, and similar undesirable things (which certainly did exist), but far less thought was given and mention made of the amount of those same things in import arrangements (which also benefited creation of jobs abroad and development of the foreign economy and involved no obligation toward the domestic tax treasury).

There are quite a few signs that in recent years the attitude toward small business has been changing, but more unfortunately under the pressure of the general social difficulties and constraints on development, than as the result of a greater general public awareness of the desirable and permanently justified role of this sector in overall development and as the fruit of its having been given organized and synchronized guidance.

There is sufficient evidence of this in the numerous discussions conducted concerning the related pieces of legislation which have been proposed. In SR Croatia the most direct example is certainly the new law on the crafts and trades, which was in preparation for years and which has been debated and polished countless times, only to languish somewhere in a drawer for a year now. Those provisions which broaden the room for development, the lines of business that would be open, and the opportunities for additional hiring in the private sector are certainly those which are most debatable.

The abhorrence of the private sector is mixed with a belittling attitude and lack of interest in small organizations in general. Can you remember when any member of the sociopolitical elite visited any small workshops or craft cooperatives? Regardless of how successful they might be. Perhaps an incidental, but certainly indicative indicator of the "orientation" and interest is that even the biggest loser in the category of large organizations has opportunities which are many times better for getting on the agenda of political and government bodies, economic chambers, and banks than even the most attractive and profitable programs in the small business sector.

Alongside these conceptions, which have not gone away, growing necessity has forced both the large-scale economy and commercial organizations to turn more to small business. When the foreign debts began to come due for payment, and economic policy began to honor the fact that the unrealistic exchange rate was one of the most destructive methods of undermining our own development, it was no longer possible or profitable to import even those things which could have been produced in the country rapidly and successfully. Exporters and importers and wholesale organizations, which up until that point had belittled the

peripheral partners in the small business sector, began to see that in the aggregate this is not an insignificant amount of business even now, and it could be especially valuable once development has been adapted more rapidly to the needs of the market.

The small business sector also began to get organized, to lump together even purchases of the necessary production supplies and equipment, and it also offered its goods for sale and speeded up progress by pooling its funds for development. Individually those small organizations and craft cooperatives are a "very small" partner not only for the trade sector, but also for the banks and other entities. They are more impressive when they pool their energies.

In SR Croatia those were the points of departure 5 years ago in establishing the "center," the Business Community for Small Business, which started out with some 60 members, and today has about 250 (some of them socialized organizations in the small business sector, some of them craft cooperatives which independent entrepreneurs have joined). Yet still the decisive thing for this step was perhaps the awareness that each of these units is in and of itself too weak and inadequate in its personnel to successfully carry on all functions in the conduct of business and development. In most of them it turned out that the manager and a few of his associates had to carry under their hats, and not uncommonly in an office that had just been improvised, sales and purchasing and suppliers and customers and to keep up with the signals from the domestic and world markets. It is not, of course, possible, nor would it be advisable for those small organizations to develop their own staff services for the various areas. That led to the decision that only a business community of small business could perform some of these functions, while some might be performed through its mediation in appropriate specialized institutes and large organizations which are interested in collaborating with the small business sector.

It also turned out, again in the case of "Ferimport," which we have already mentioned, that collaboration on an individual basis with more than a hundred associates in the small business sector, sporadically and haphazardly, with an average trade in both directions of some \$10 million or so the year before last, was not of interest. Yet a total trade of 1.3 billion dinars "was something else again," not to mention trade that could be achieved in a relatively short time through organized collaboration and the joint programming of development.

A logical product of these realizations was establishment of a separate division for cooperation with the small business sector and a self-management accord on lasting business and technical collaboration, which is spelled out in annual annexes. The annex for this year called for a total trade of 2 billion dinars, about 60 percent of which would consist of sales of products of the small business sector, and 40 percent the equipment and materials supplied to it through this commercial house. In addition, a contract has also been signed on researching and establishing the "market feasibility" for a dozen production programs whose annual output is approximately valued at 500 million dinars. It is certainly more advisable for this to be researched by a commercial organization which has its own retail and wholesale network in the

country and representative offices abroad, as well as ongoing cooperation with a number of production systems, than to leave it to accident and "eyeballing" assessment of whether domestic and foreign customers would or would not be forthcoming.

The joint investment in the sales and display space mentioned at the outset was the result of that agreement; it would inform potential customers in the most up-to-date way about the capabilities and offering of the small business sector and would offer its goods to a wide range of consumers. In the words of Stjepan Loncar, director of the OOUR "Retail Sales" in "Ferimport," thought is also being given to some further undertakings of a similar kind, but how possible they will be will certainly depend on the material position and investment capabilities of the trade sector.

It should be said that "Ferimport" is only one of the large partners of the Business Community for Small Business and that certain important development programs have also begun in collaboration with certain other manufacturing and commercial systems such as the Zagreb Electric Streetcar Enterprise, INA Naftaplin, the Belgrade Pharmacy, "Rade Koncar," and so on.

It might sound cynical, but it seems that the hope lies largely in the fact that the difficulties which brought about the kindlier treatment even from those who until yesterday were opponents are not such that they will pass quickly. There are opportunities, then, and time for it to prove itself and become part of the functioning of the entire economic organism as a necessary capillary system. How successful it is in this will also depend on specific public support. One of those recorded so far, and they have been rather isolated, but very welcome, not only because of the material benefits, but also as a sign of a more favorable and stable climate for further development, is the tax exemption whereby organizations of associated labor in the crafts and trades and those rendering personal services are exempted from 50 percent of the income tax if this capital is pooled in a business community for opening new facilities and for creating jobs in small business. These resources have been used for some 30 programs, creating jobs for about 1,800 workers. Removal of the limit on the value of equipment imported by Yugoslavs returning from employment abroad when it is not produced in the country, provided it is pooled with organizations of associated labor, is also taken as a good stimulus for development of small business.

There is no doubt whatsoever that if we persist in the orientation toward market-oriented conduct of economic activity and the concept of an open economy, small business will have its best and most effective support in the largest organizations of associated labor. After all, by the nature of things, production giants which have to prove their competitiveness on the domestic and foreign markets quickly discover that they cannot carry on production and economic activity profitably and efficiently without involving a number of small, but reliable and adaptable suppliers. Under the conditions of doing business on the market this kind of orientation becomes an absolute necessity which cannot be translated into "when the frog saw the horse being shod, it also raised its leg," which up to now has sometimes been the opinion formed of certain business executives who have been impressed by the fact that their

largest world competitors are doing business with thousands of small subcontractors, that these relations are governed by precise standards and delivery deadlines, and this is all done without any sort of warehouses for production supplies and components, which is where many billions of our dinars, so necessary and lacking, are frozen today.

[Box, p 22]

To Whose Benefit?

Svetislav Kralj is an artisan from Nustre, near Vinkovci, who last year delivered to the Yugoslav textile industry about 500 staplers for stapling labels at a unit price of 8,920 dinars, while the imported ones were obtained at about 15,000 dinars (the price in West Germany is 87 marks).

"Why are we always afraid of someone who is rich, and who does it bother, and why, if a private businessman, an artisan, drives a Mercedes? When all the directors, even in those work organizations which are convulsing in their losses, heads of sales departments, of purchasing, the presidents of opstinas, both developed and underdeveloped, drive that make of automobile. My opstina expects me to pay it 3-4 million dinars in taxes every year. Over 10 years that is 30-40 million. If I bought a Mercedes, everyone would say that I had gotten rich, that I was a billionaire. Even if I do become one, I will do it by my own labor. If it is alright for me to earn a billion for the opstina, for society, then it is alright for me to earn it for myself as well.

"I am not upset about the tax, but neither am I content with the tax policy we have today. I could even double my output, but this does not pay, since the progressive taxation would take away all the earnings. The production which the three of us--one worker whom I hired in the workshop, my wife, and I--achieved last year. If we had a tax policy that would act as an incentive for small business, if the opstina gave me tax exemptions for hiring new workers, I could employ another four workers. Those exemptions would not impoverish the opstina treasury, but still more tax would flow into it. That is, if I employed another four workers, I could increase my output and sales at least 100 percent, and then on that larger base the total amount of tax would be far greater than the tax I pay now in spite of the exemptions."

[Box, p 23]

Not Just a Temporary Safety Valve

Rade Males, director of the Business Community for Small Business in Zagreb, had this to say.

"Small business will encounter obstacles and difficulties so long as it is looked upon solely as a temporary safety valve for cutting down unemployment that is still 'problematical' from the ideological standpoint. But the point of departure has to be that it is a natural complementary part of the entire economy, a part that is flexible and adapts quickly in adopting new technologies, a part that is capable of replacing imports which are inadvisable and unnecessary, and of enriching the offering for export.

"Our economy's production palette lacks an immense assortment of goods needed by industry and the public which small business could easily offer in a relatively short time. Often money is not the decisive factor here. The principal problem is insufficient market research and sound programs based on that research. Those programs should make it clear that these are products which can be produced most efficiently by people who are self-employed or by a craft cooperative and perhaps even by a linkage of several of them on certain programs, or that this is a suitable program for a contract organization or socialized organization in the small business sector, and perhaps even for a new plant in an underdeveloped area.

"Accordingly, sound and socially beneficial development of small business--and the creation of production jobs in that sector as a consequence--should arise out of the need in the production process or general consumption for certain products, not from the dubiously and randomly selected activities of workshops whose sole purpose is to open up a certain number of jobs and obtain the commitment of private capital. In other words, the development of small business must be the logical product of the overall restructuring of the economy and of overcoming the very strong inertia of extensive development, part of which is the conception that even unproductive employment is better and more socially desirable, with its immense technological surpluses in large systems, than to confront the problem of real unemployment and to open up opportunities neglected so far for more efficient development."

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POLITICS

GERMAN DEMOCRATIC REPUBLIC

STATE ORGANS URGED TO BE MORE RESPONSIVE TO CITIZENS

West Berlin IWE TAGESDIENST in German 18 Feb 86 p 1

[Article datelined IWE Berlin, 18 Feb 86: "GDR State Organs Ought To Ask Themselves 'Thorny Questions'"]

[Text] ORGANIZATION, the journal for state organs published by the Academy for Political Science and Jurisprudence, has come out in favor of providing more thorough information for citizens in GDR communities. It advocated that citizens "be informed punctually, authoritatively and objectively about community duties and plans." In providing this service, the state organs ought to ask themselves even "thorny questions." The journal stressed that successful dialogue between the state and the citizens depended first and foremost "on the truth of information." But the manner in which citizens are informed, it stated, is "definitely not of secondary importance, nor without significance." Nor is it a "discretionary matter" for local state organs to keep "an open ear for suggestions, initiatives and criticism," and to provide "solutions to citizens' concerns," where such are necessary and possible, "that is to say, when they accord with legal regulations and national economic possibilities." Moreover, the journal called upon state functionaries "to talk to citizens without phrase mongering." They ought to use "expert arguments" and "language the people understand," because these are features of a working style responsive to citizens.

In the most recent SED bezirk leadership meetings, the state organs were also called upon to do work "responsive to the citizens." It was pointed out that there were still many petitions and criticisms by GDR citizens pertaining to deficiencies in the operations of state organs, such as "empty promises and passing the buck," as the First Secretary of the Schwerin bezirk SED leadership, Heinz Ziegner, explained. For that reason, it must be emphatically demanded that all state organs "react speedily and explicitly to suggestions and criticisms from the populace."

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POLITICS

GERMAN DEMOCRATIC REPUBLIC

SUMMARIES OF MAJOR EINHEIT ARTICLES, FEBRUARY 1986

East Berlin EINHEIT in German Vol 41 No 2, Feb 86 (signed to press 14 Jan 86)  
pp 98, 191

[Summary of article by Prof Dr Harald Schliwa, deputy director of the Institute for Marxist-Leninist Philosophy, Social Sciences Academy, SED CC; pp 108-115.]

Text: Human Rights in Our Time

In conformity with the spirit of the UN human rights documents and the Final Act of CSCE, the GDR has always actively advocated the unity of securing peace, the peoples' right to self-determination, and the respect for human rights. The right of the peoples and individuals to a life in peace as the principal and primary human right. On the human rights and on bringing them to realization in their significance to personality development and a meaningful fashioning of life in socialist society.

[Summary of article by Prof Dr Frithjof Kunz, department head at the GDR Academy for Political Science and Jurisprudence; pp 116-120.]

Text: The Right to Work--A Fundamental Human Right

The human right to work--constitutionally guaranteed and brought to realization in life--counts among the historic accomplishments of socialism. Penetrating effects evolve from it on all of human existence. Why does fundamental importance attach to the right to work among all the human rights? What causes this right to be denied to the working people in the capitalist countries? How is this right fashioned among us in substance, and how is it steadily being further developed?

[Summary of article by Prof Dr Karl A. Mollnau, at the Institute for the Theory of State and Law, GDR Academy of Sciences; pp 121-126.]

Text: Socialist Democracy and Personality Development

Social activity, a conscious participation in managing and solving public affairs, especially in the labor field, turns out to be an essential condition for socialist personality development. The citizens assuming their basic constitutional



basic rights and duties reflects the historically new relations between the citizens and the state in socialism and the dialectical interchange between socialist democracy and personality development.

[Summary of article by Werner Flach, main department chief at the GDR's Institute for International Politics and Economics; pp 127-130.]

Text: Human Dignity--A Demand Opposing Reality in the Profit Society

Against all the protestations from the agents of big capital, to the effect that their social system is a "shield of human dignity," this is what the facts confirm: In million ways, imperialism despises the peoples' right to a life in peace as the first and foremost human right, refuses elemental human rights like the right to work as the basic conditions for shaping a dignified human existence, and subverts the civic and political rights won by the working people, expressed in particular in the attacks against the trade unions.

[Summary of article by Ernst Krabatsch, head of the Main Department for Basic Questions and Planning in the Ministry of Foreign Affairs: pp 133-138. A full translation of this article is published in this issue.]

Text: The Chance for a Secure Peace

The comprehensive proposals from the USSR on freeing the world from atomic weapons indicate the endeavor to give substance to the Geneva announcements by way of concrete steps. They open up the historic chance to bring about a turn to the better in Europe and in the world. At implementing these proposals, which encourage humanity in its struggle for peace, security and cooperation, the actively coordinated peace policy of the socialist community is directed, its course of dialogue with all who bear political responsibility and of cooperating with the worldwide peace movement, with all forces of reason and realism.

[Summary of article by Wolfgang Jacob, general director of the VEB Friedrich Ebert electrical equipment works combine, Berlin-Treptow; pp139-144.]

Text: New Criteria for In-house Rationalization Means Construction

Top products, especially those that integrate microelectronics or robot technology, call for highly developed, tailor-made processing techniques that only the producer himself can develop and produce. What are the experiences that the Berlin-Treptow Combine has had--especially in terms of working with people? How has a highly skilled staff been assembled for the job? What are the tasks raised by the production and application of microelectronics?

[Summary of article by Gerhard Ambros, certified engineer and economist, secretary for agriculture in the Karl-Marx-Stadt SED Bezirk Management; pp 145-147.]

Text: On the Comprehensive Intensification of Agricultural Production

Numerous examples--exploiting reporting elections meetings of the SED basic organizations, LPG main annual conferences, and kreis delegates conferences--illustrate what inferences are to be drawn from what was accomplished in 1985 in the fields and stables of Karl-Marx-Stadt Bezirk so as to repeat and extend these results in the year of the party congress by way of comprehensive intensification.

[Summary of article by Prof Dr Gunnar Winkler, director of the Institute for Sociology and Social Policy, GDR Academy of Sciences; chairman of the scientific council for social policy and demography; pp 148-153.]

Text: Social Policy--Committed to the Common Weal

Together with economic policy, social policy is inseparable from our party's Marxist-Leninist social strategy. All state institutions, enterprises, cooperatives, and social forces are responsible for its purposeful implementation. What are the essence and substance of the social policy? What tasks derive from its implementation at present for the combines and enterprises, territories and local state organs?

[Summary of article by Eberhard Aurich, member of the SED Central Committee, first secretary of the FDJ Central Council; pp 154-160. A full translation of this article is published in this report.]

Text: The FDJ--the Party's Helper and Combat Reserve

The first uniform, democratic mass organization of German youth arose with the founding of the FDJ 40 years ago. Proceeding from the implementation of the basic rights of the young generation in the first years in which the FDJ was active, the author jumps to the FDJ's Ernst Thaelmann Rally in preparation of the 11th SED Congress. He demonstrates this: Sustained by the SED's trust in youth and provided with high responsibility, the youth association proves a successful mobilizer representing the interests of the young generation and successfully contributing to its communist education.

[Summary of article by Prof Dr Hans-Joachim Hoehme, deputy main department chief at the GDR's Institute for International Politics and Economics; pp 161-166.]

Text: The Crisis Cycle in the New Phase of the General Crisis of Capitalism

The cyclical course of the capitalist economy has increasingly been marked in the last 15 years by the entwining of contradictions and processes both short-term and long-term. While in the second half of the 1970's the boom and bust phases deviated from the typical picture, in the early 1980's even the cyclical crisis phase became deformed. What marks that deformation? What explains the exacerbation of the realization problems? What are the topical trends that determine the capitalist world economy?

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POLITICS

GERMAN DEMOCRATIC REPUBLIC

COMMENT ON GORBACHEV DISARMAMENT PROPOSAL

East Berlin EINHEIT in German Vol 41 No 2, Feb 86 (signed to press 14 Jan 86)  
pp 133-138

[Article by Ernst Krabatsch, head of the Main Department for Basic Questions and Planning in the Ministry of Foreign Affairs: "The Chance for a Secure Peace"]

[Text] The world is astir, filled with a broad response to a new and bold initiative from the Soviet Union that accords with the deepest hopes and noblest aspirations of all nations. In clear contours, understandable and intelligible to everyone, a real and feasible course takes shape, a rapturous prospect for entering the year 2000 without fear of annihilation, without a threat from the earth or from space, under the aegis of effective disarmament and permanently secured peace.

On 15 January 1986, Comrade Mikhail Gorbachev, general secretary of the CPSU Central Committee, submitted a comprehensive and concrete disarmament program, to be brought to realization through three phases, to rid our planet completely of nuclear weapons, and thus of the danger of a nuclear inferno, step by step and consistently within the next 15 years up to the turn of the century. "By the end of 1999 there are no nuclear weapons on earth anymore. A universal accord is worked out for that weapon never again to be generated."<sup>1</sup> In this vision, realistic and palpable, inspiring men's hopes and their willingness to act themselves for peace, the pioneering Soviet proposal culminates. Not just any time, but now, in the immediate future, not by deploying new and still more dangerous weapons in space, but by the complete destruction of all existing weapons of mass annihilation, the most horrifying danger ever to threaten the human race is to be banned definitively. That is what the nations want. And it is possible if Washington renounces its perilous SDI project, based on illusions as it is, and if the USSR and the United States from the outset agree on halting all nuclear explosions--for which the Soviet Union has already been doing something unilaterally. Precisely these questions, the solution of which would block the development of new and the perfecting of already existing kinds of nuclear and other mass annihilation weapons, are a touchstone for the actual attitudes any government takes toward the whole complex of arms limitation and disarmament problems.

This graduated Soviet program on nuclear disarmament, in business-like and well-timed connection and with strict and effective controls, also includes the liquidation of the chemical weapons, the reduction of conventional armed forces and arms, and the outlawing of the development of non-nuclear armaments based on new physical principles and equal in destructive power to nuclear and other mass annihilation weapons.

By this significant most recent Soviet peace action, the declarations of intent in the U.S.-USSR summit meeting documents of November last year are transformed into a concrete, accountable negotiation bid, through the implementation of which no one loses but all will gain. It unmistakably demonstrates that the USSR does not let it rest with a demand to present new thought and approaches for solving the most important problem of humanity--the preservation of peace--but does in fact practice a thinking without prejudice, responsibly, an approach governed by ensuring the most important of all human rights, the right to living in peace, in whatever international problems it deals with.

The Soviet Union's comprehensive disarmament program--a unique historic chance for mankind to survive jointly rather than perish jointly--is finding all the more of a response among millions and millions of people on all continents as in the first half of the 1980's the world was confronted with the most serious threat to peace since the end of World War II. The course engaged in by the most aggressive forces of, mainly U.S., imperialism of a forcible arms build-up and the militarization of space, and their policy of confrontation and strength, dangerously exacerbated the international situation. If one takes all consequences into account, one is forced to arrive at this conclusion: "Humanity is approaching a point where events can get out of control."<sup>2</sup>

Ending the arms race, diminishing the war danger, and improving the world political climate--therefore is today an imperious need to prevent a qualitative leap in arms escalation that would trigger unforeseeable, uncontrollable processes, thereby destroy our strategic stability--the foundation for preserving peace in the atomic age--and have negative effects for the security of all states without exception.

The USSR-U.S. summit in Geneva created more favorable chances for the recovery of the international situation and continuing the negotiations on nuclear and space armaments questions. Even though one did not succeed in Geneva, because of the U.S. stance, in solving concrete arms limitation and reduction problems, the observations contained in the joint Soviet-U.S. declaration are of an importance of principle: A nuclear war must not be unleashed; no one can win it. Both sides stressed the importance of preventing any kind of war between the two countries--nuclear or conventional--and announced they were not seeking any military superiority. They confirmed the object and purpose of the Geneva negotiations--preventing the arms race in space, terminating it on earth, limitation and reduction of the nuclear potentials, and guarantees for strategic stability. Political dialogue--"by itself a stabilizing factor" today<sup>3</sup>--is to be continued to accomplish positive changes in international relations.

## The Weight of Active Socialist Peace Policy

The socialist states, for good reasons, regard the outcome of Geneva as evidence for the correctness of their collective assessments and inferences on the world situation, the outcome of their profoundly responsible posture, their committed dedication to the cause of peace. "Before Geneva, during Geneva, and after Geneva, it became impressively apparent that the Sofia proposals of the Warsaw Pact states, our coordinated program for eliminating the nuclear danger and for a turn to the better in Europe and in the world, became an important factor in the peace struggle."<sup>4</sup> The Soviet Union, and the GDR and the other states in the socialist community by its side, have done all they could to change the course of events for the better.

In their October 1985 Sofia declaration, the Warsaw Pact member states appealed to the governments and peoples to join their efforts, above and beyond their ideological and political differences, for eliminating the danger threatening mankind with its extinction and approach even the most complicated international problems and solve them all exclusively by political means, by way of dialogue and negotiations. They submitted complex proposals for it.

All that had been preceded by more of an activation of the socialist peace policy in all domains of international relations. The Soviet Union had assumed unilaterally the obligation never to be the first to resort to the use of nuclear weapons and to put no anti-satellite weapons into space, as long as other powers would not do it. It had stopped its deployment of intermediate-range weapons in Europe, reduced the number of the rockets already deployed, and interrupted the deployment of operational-tactical counter-weapons against the new U.S. first-strike weapons in Western Europe. It had obligated itself unilaterally not to carry out any nuclear explosions until 1 January 1986--a deadline extended to 31 March 1986 by Mikhail Gorbachev's most recent proposal--and announced that this moratorium would remain in effect beyond that time and inspections could be held on the spot, if this initiative would be joint by the United States. At the Soviet-French summit in Paris, the general secretary of the CPDU Central Committee offered comprehensive proposals on radical disarmament steps and the extension of relations with the capitalist states, the strengthening of European and international security, and the broadest possible international cooperation in the peaceful exploration and use of space.

The GDR which--as confirmed by pronouncements and commitments to its own contributions to strengthening peace from all parts of the population--fully endorses the most recent Soviet disarmament program and is dedicated to its implementation with all its strength, has purposefully used its opportunities to contribute to the recovery of the situation. It has sought and is seeking "dialogue with all who have power and influence and bear political responsibility."<sup>5</sup> Many contacts and meetings with representatives of Western states, and with representatives of parties, of the economy and of public life, on the high and highest level, attest to that. Above all, the many talks Comrade Erich Honecker, general secretary of the SED Central Committee and chairman of the GDR State Council, has held with top politicians of various states, neutral and even NATO states, have shown that it is possible, above and beyond all that separates, to find ways and means to contribute to the preservation of world peace and make inter-state relations more stable and confident.

The joint GDR-CSSR proposal presented to the FRG government, of entering into government negotiations about setting up a chemical weapons-free zone in Central Europe as a step that can rapidly be taken toward banning such weapons totally, aiming at a constructive contribution to detente, disarmament, and trust, proved an effective initiative for reducing the confrontation in Europe. With the same end in mind, SED and SPD task forces have started discussing the formation of a nuclear battlefield weapons-free zone in Europe in line with the Palme Commission proposal, which is fully endorsed by the GDR.

The GDR has always been and will always be mindful of its special responsibility due to its location on the dividing line between socialism and capitalism, between the Warsaw Pact and NATO, and due to the commitment made that never again must a war emanate from German soil. That responsibility determines its conduct at the UN, the Geneva disarmament conference, the Stockholm Conference, the Vienna negotiations, and on all bodies for multilateral cooperation as well as bilateral relations.

#### The Growing Worldwide Peace Commitment

Of considerable weight in the struggle to prevent a nuclear inferno is the grown commitment to peace and security by many states that have liberated themselves from the colonial yoke and are members of the nonaligned movement. That is reflected by the document of the foreign ministers conference of the non-aligned countries in Luanda and by many other activities. Thus the chiefs of state and government in India, Mexico, Tanzania, Greece, Argentina, and Sweden, in their declarations of 1984 and 1985, have proposed to stop all nuclear weapons tests and the production and deployment of nuclear weapons and to reduce nuclear arms drastically. At the same time they declared their readiness to set up special monitoring stations on their countries' territories to monitor the abiding by a test stop agreement.

The worldwide peace movement, which unites forces most diverse in social origin and ideological positions, has gained further strength. The peace issue today in a completely new quality determines the thoughts and acts of millions of people. It is out of the question for a "silent majority" passively to accept armaments and confrontation. NATO's "deterrence doctrine," which time and time again keeps stimulating another arms buildup, has become dubious, not only among large segments of the population in imperialist countries, but among many Western politicians as well. Many parties and organizations of disparate ideological and political persuasion are turning against the NATO strategy that puts its stakes on military superiority by considerations and actions in line with actively securing peace. This development within the socialist and social-democratic parties in Western Europe indicates a positive approach to basic security issues.

Perturbation and perplexity even have spread among the U.S. allies--however much their basic class interests coincide--in view of the frank contempt for their security interests and Washington's intention to stake everything at military superiority. The governments of France, Denmark, Norway, Greece, the Netherlands, Canada, and Australia have rejected taking part in SDI, the so-called U.S. Strategic Defense Initiative. Even in the United States the demarche toward military superiority is causing serious doubts, objections and resistance.

Those most aggressive imperialist circles who thought the line of confrontation and arms buildup would become the decisive line in international development, it turns out, reckoned without their host. Their dreams of world domination cannot and will not come true because they are diametrically opposed to reality, to the fundamental processes of our time.

#### The Way to Secure Peace Calls for High Efforts

What has thus far been accomplished in the struggle against the war danger literally had to be extorted from the enemies of detente and disarmament. It was accomplished through the efforts of the socialist community, the efforts of all those who do not settle for but oppose the aggressive course of the most reactionary circles of imperialism. The prerequisites for a turn to the better have undoubtedly improved. But possibilities remain just possibilities as long as they are not turned, through the peoples' and governments' activities, into practical politics, into mandatory inter-state agreements and accords. So that a better climate, the "spirit of Geneva," does not quickly evaporate again, they call for purposefully anchoring them in concrete political steps, with the search for new ways for a recovery of the situation actively continuing. That precisely is the point of the new Soviet offer, which takes account of the proposals and considerations of all sides and shows the way that leads from words to deeds, from declarations of intent to binding agreements.

This is all the more important as, no sooner that the Geneva meeting was over, than a tough political struggle broke out in the United States over assessing its results and the inferences to be drawn from it. Those ultra-rightist forces that were doing all they could before and during the summit--let us recall the Weinberger letter--to preserve the U.S. option in all directions of the arms race both on earth and in space now seek to deprive the Geneva results of their content and render them futile. Strategic rearmament is being pushed ahead undiminished. Advances toward halting the arms race and effective disarmament accords are being blocked mainly by that the United States thus far is not ready for outlawing the creation of space weapons. Establishing a grand so-called missile defense system with elements of space deployment, as Washington is preparing it, contradicts important international and bilateral treaties, mainly the 1972 missile defense treaty that constitutes the foundation for the nuclear weapons limitation and reduction processes thus far. Setting up such an aggressive system would extremely destabilize the situation.

The objectives sought by the U.S. Strategic Defense Initiative, so-called, are principally military in nature. They moreover express an unbridled profit drive by powerful arms capital circles and the striving for a permanent U.S. technological superiority over the Soviet Union and the socialist community all-around--and not only over them, but even over its own allies. This "Star Wars" program means an intensification of the technological warfare declared against the socialist world, which has already been under way quite long by means of embargoes and economic discrimination measures.

Such a policy is dangerous but must inevitably collide with reality. The socialist states will grant no military superiority to imperialism, neither on earth nor in space. They are aware of the political, economic, and military



challenges they must meet in their responsible struggle of averting the danger of a nuclear inferno, for assuring mankind of a future in peace. They know that the "further course of the international confrontation over the question of war or peace, reaction or progress, decisively depends on real socialism's success in further strengthening its political, economic, and ideological potential and reliably ensuring at all times the defense of the accomplishments."<sup>6</sup> The Warsaw Pact member states have unanimously extended their defense alliance for another 20 years. In recent months the socialist states have considerably activated and deepened their mutual political and economic relations. The GDR has signed with the USSR and other fraternal countries long-term cooperation programs in economics and scientific-technological progress. Special mention is warranted of the comprehensive program for scientific-technological progress adopted at the 41st extraordinary CEMA session, which will enhance the might of socialism as a whole and its influence on world affairs.

A turn for the better is possible, but the way to it is not simple to take and calls for high efforts, tenacity, purpose, indefatigable dedication and, above all, the mobilization of the broadest forces. It would already be of benefit to advancing along the path charted in Geneva if one were to renounce any actions that would undermine what has been achieved, block the negotiations, and subvert the existing arms race limitations. A genuine recovery of the situation, a way out of the rotating of the armaments spiral, is attainable only through a new and audacious approach to international relations, above all to the questions of safeguarding peace. That must conform to the world realities of today, end the policy of strength and confrontation and be aimed at immediate measures that terminate the arms race, prevent its extension into space, and radically reduce armaments, above all in the nuclear field. Not last, responsible action by the states today must be marked by mutual reserve and the respect for all the recognized norms in international relations. That demand has become most highly topical especially in view of the new wave of the imperialist policy of violence and boycott, undisguised threats, and state terrorism against sovereign states that was unleashed at the start of the new year. The point is to consolidate the strategic stability in the world as a natural condition and accept the principle of equality and equal security for all sides as the basis for the peaceful coexistence between states with differing social orders.

A wealth of tasks has mounted before humanity that can only jointly be coped with and certainly only in peace. Serious ecological problems, worries about raw materials, energy and foodstuffs, the pressing need to do away with hunger, misery, epidemics, and illiteracy, do not permit our going on and squandering enormous means to perfect mass destruction weapons. Humanity as of today certainly is in the position to cope with all these demands. The magnificent prospect for peace and disarmament the Soviet Union, and socialism, offers can be brought to reality if the people put their strength and knowledge together, if narrow egoistic interests are abandoned, if all forces interested in peace, governments as well as social movements and parties, work together in an all-inclusive coalition of reason and realism to banish war from the life of mankind. The formation of such a worldwide coalition has got started. Now the "conscience of the world must determine world development to a growing degree."<sup>7</sup>

The GDR, relying on the coordinated peace strategy of the community of socialist states, will work for it all the more now with the means at its command. The solid, reliable foundation for this undeterred peace policy of our party and our state--and this is being attested to especially impressively particularly in these months of our getting set for the 11th SED Congress--lies in the responsible acts by all citizens toward strengthening socialism and safeguarding peace.

#### FOOTNOTES

1. "Mikhail Gorbachev Announcement, Comprehensive Proposals from the Soviet Union on Ridding the World of Nuclear Arms," NEUES DEUTSCHLAND, 16 January 1986, p 1.
2. "For Eliminating the Nuclear Danger and for a Turn to the Better in Europe and in the World, Announcement from the Warsaw Pact Member States," Ibid., 24 October 1985, p 1.
3. Mikhail Gorbachev, "Life Requires No Arms Race but Joint Efforts for Peace," "Soviet-U.S. Summit, Geneva, 1985," Dietz publishing house, Berlin, 1985, p 66.
4. Erich Honecker, "For the New Year, the Best Wishes for Peace, Happiness and Well-being," NEUES DEUTSCHLAND, 31 December 1985, p 1.
5. Comrade Werner Jarowinsky, "Aus dem Bericht des Politbueros an die 11. Tagung des ZK der SED" [From the Politburo Report to the 11th SED Central Committee Session], Dietz publishing house, Berlin, 1985, p 25.
6. "Peace and Socialism as Our Common Cause--Erich Honecker's Conference with the Chairmen of the Friendly Parties and the President of the National Council of the National Front of the GDR on the Outcome of the Sofia Meeting," NEUES DEUTSCHLAND, 2/3 November 1985, p 2.
7. "Zu den Ergebnissen des Genfer Gipfels, Aus dem Bericht des Genossen Erich Honecker, 11. Tagung des ZK der SED" [On the Outcome of the Geneva Summit--From Comrade Erich Honecker's Report--11th SED Central Committee Session], p 13.

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POLITICS

GERMAN DEMOCRATIC REPUBLIC

## YOUTH GROUP PROFILED, PRAISED AS SED RESERVE FORCE

East Berlin EINHEIT in German Vol 41 No 2, Feb 86 (signed to press 14 Jan 86)  
pp 154-160

[Article by Eberhard Aurich, member of the SED Central Committee, first secretary of the FDJ Central Council: "The FDJ--the Party's Helper and Combat Reserve"]

[Text] In an EINHEIT article in the spring of 1946, the first FDJ chairman, Erich Honecker, commented on the setting up of a unified democratic youth organization as follows: "Thereby decisions of far-reaching importance are being made in the spring of 1946. Alongside the party of millions of workers, farmers, and the progressive intelligentsia, embodied by the SED, and the mighty FDGB, there lines up a youth organization which has all it takes to draw the masses of young people together."<sup>1</sup> The FDJ, he noted in the same context, would "play a great role in the life of our nation, in the reconstruction of our fatherland on an antifascist-democratic foundation because it is a youth organization that takes account of all the interests of youth."<sup>2</sup>

Through the founding of the FDJ became real what youths for decades had dreamt and planned and fought and suffered and steadily waited for: From then on the young generation would be marching, no longer divided and fragmented, but all together in a united democratic youth organization--a first in German history. The FDJ's founding document, bearing the signatures of young communists, social-democrats, Christians, and youths of all classes and strata, marks an event of which we can rightly say: The creation of a uniform democratic youth organization is the greatest historic accomplishment made by the revolutionary German youth movement.

## Basic Rights of the Young Generation--a Fighting Program

What great optimism distinguished at that time German communists, class-conscious social-democrats, and other antifascists who--back from penitentiaries and concentration camps, the underground and exile--were the first to initiate, with unquenchable steadfastness, a turn in the history of our people. They also answered the question youth had raised about our people's future, used the chance of the new beginning, started their work without hesitation, swept the reluctant and the doubters along, and thus, step by step and in harshest

conflict with the imperialist class enemy, provided for our happy present and assured future. In this they let themselves be rigorously guided by the idea that the tasks of reconstruction could not be resolved without actively involving the young generation. That conformed as much to the social interest as to the objective interests of youth.

The material and spiritual situation of youth after the liberation from the fascist yoke was catastrophic. The first frames of the TV documentary on the history of the FDJ, "Our Sign Is the Sun," show this: Spiritual distress, despair and dread, resignation and apathy marked the existence of many young people. Hunger and disease were epidemic, housing and enterprises were in shambles, millions were looking for a roof over their head. Of 100 youngsters born in 1924, as many as 25 had fallen or were missing, 31 were severely disabled from the war, five were lightly wounded, two were too disabled to work. No other segment of the population had come as much under the impact of fascist ideology and propaganda as youth. In its compulsory organizations, the "Hitler Youth" and the "League of German Girls," German fascism had poisoned the minds of the adolescents with anticommunism, anti-Sovietism, chauvinism, and barbaric racism. Millions of youngsters had been betrayed and misled, abused against their very own interests.

To us, not yet born at the time, the confidence the German communists showed youth in that situation is extremely impressive. They declined condemning them. They were not distrustful or skeptical of them; they immediately drew them actively into the antifascist-democratic transformation. The 11 June 1945 KPD appeal also addressed German youth in particular and showed them the way.

Already on 7 July 1945, Erich Honecker, charged with organizing youth efforts by the KPD Central Committee, wrote in DEUTSCHE VOLKSZEITUNG: "There are hundreds of examples in town and countryside showing young people take the initiative, be it in debris removal or in securing food transports, in re-conditioning schools or setting up beautiful youth homes, of which in Berlin alone more than 100 were created through the young people's own efforts. Sure, they have not got enough to go around. A lot is not working out as yet. But faith in our people's future must be our spur. As we build our house, so shall we live in it."<sup>3</sup>

If one deals with the events in the first year after the liberation and studies the speeches held and articles composed at that time on youth issues by Wilhelm Pieck, Otto Grotewohl, and Erich Honecker, one clearly senses how the party and the youth association in formation were exerting themselves in representing the interests of youth and were helping them to cope with their troubles and needs on their own, through their own arduous efforts.

That becomes most clearly apparent in notes taken by Wilhelm Pieck for a speech before youth functionaries of the antifascist youth commissions on 21 November 1945. The KPD chairman raises the question: "How can we best rid youth of fascism, draw them on our side, and enlist them in our people's great national struggle for reconstruction and a democratic renewal of our fatherland?" And he answered: "That we shall only accomplish if we provide youth with a new ideal of life that inspires them, with living conditions that make possible their economic and cultural rise, and permit them a share of their own in

fashioning their lives and steadily improving their material situation." And the new ideal of life, he wrote, "can only be that of socialism--a real socialism based on the power of the workers class."<sup>4</sup>

In view of the real situation it appears to us as daring today to raise at that point of time the constant improvement of the adolescents' material situation as prerequisite to the consciousness development. Even so: The Marxist-Leninist realization that a dialectical connection exists between consciousness and social existence even in that situation determined the party's conduct. In early December 1945, during the conference of the anti-fascist youth commissions, Erich Honecker took issue with the false assessment of youth and the thesis of their supposed delinquency: "Well, we surely have not become delinquent here. Granted, you cannot ignore the consequences of the Nazi war in this area. But little bandages and speeches do no good here. The main thing is that the boys and girls get bread to eat and work."<sup>5</sup> Wilhelm Pieck raised the demand to lend a "lofty, sacred substance to the work of reconstruction in reconditioning our destroyed cities and enterprises and apartments, our ruined economy."<sup>6</sup>

Today, the connection between all that seems obvious. But then there were still thousands of unemployed, and in many trades work was not yet possible again. Many youngsters did not have much regard for work; the virtually incomprehensible extent of destruction was not very encouraging first.

In the book on "FDJ History," in the "Our Sign Is the Sun" documents, and in the "Forward, Free German Youth" exhibit currently showing in the German History Museum, much evidence can be found for how, under Erich Honecker's leadership, in the Central Antifascist Youth Commission, and in other youth commissions, Wilhelm Pieck's demand was honored by what was being done after the FDJ was founded.

At the First FDJ Parliament at Pentecost 1946 in Brandenburg, Erich Honecker addressed 633 delegates on the theme of "The FDJ and the Basic Rights of the Young Generation." They were headed by the demand for political rights, for youth's equal participation in political life. Secondly the FDJ asked for the right to work and recreation. That included such demands as reduced working time for adolescents, the outlawing of child labor, the demand for improved youth protection, paid vacations, equal wages for equal work, free lunches, unconditional admission of girls to all trades they could engage in, and the setting up of recreation homes for youth. The third basic right was the right to education which was to give each young person access to education and culture. And finally the FDJ demanded the right to pleasure and happiness. Theaters, concerts, and other cultural events were now to become possible at reduced prices. Group trips were to go for half the fare. Youth hostels were again to serve the recreation of youth.

These basic rights were an FDJ fighting program, a cohesive conception of genuine youth interest representation. The SED, founded in April 1946, promised full support to enforcing it. Yet this was not merely a program of demands. Through their own deeds the FDJ members themselves wanted to help create the conditions for fulfilling them. Erich Honecker in this connection referred to the impressive achievements of the first youth shock brigades.

So the FDJ at the time helped implement the goals the SED founding congress had decided on. At its First Parliament, it had already 240,000 members. Out of every 10 youngsters in the Soviet Zone of Occupation, one was an FDJ member. The FDJ had with success passed its first tests in the antifascist-democratic transformation, in the struggle to surmount the consequences of war, against material and spiritual ruin, in the land and school reform, in setting up democratic state organs, and in improving the living conditions for youths and children; it had already gained authority among youths.

#### Preserving and Augmenting What Had Been Created

Forty years have passed since. The tradition-rich blue shirt with the emblem of the rising sun is being worn today already by the grandchildren of the ones who laid the cornerstone. Most GDR citizens have meanwhile graduated from the FDJ's revolutionary schooling and written, with ever new deeds, the history of our GDR. Today the uniform socialist mass organization of youth in the GDR has a membership of 2.3 million young workers and cooperative farmers, pupils, apprentices, students, and members of the young intelligentsia and of the armed organs. Resolutely and vigorously they seek to preserve and augment what their parents and grand-parents produced and achieved together.

The SED program expresses its high appreciation for the GDR's socialist youth association: "The SED supports the FDJ as an active helper and the party's combat reserve. It sees the most important function of the socialist youth association in forming class-conscious fighters for social progress and in making sure that all young people use the chances for making their lives, all their work, study and leisure, meaningful and become active builders and steadfast champions of socialism and communism."<sup>7</sup>

Through exemplary deeds in the "FDJ's Ernst Thaelmann Rally," at work, while studying, and in the protection of the socialist accomplishments, the FDJ is fulfilling that mission, youth worthily joining the large popular movement in preparation of the 11th SED Congress. Firmly linked with the working class party, its central committee, and its secretary general, Erich Honecker, the young generation is strengthening socialism in every way, knowing that thereby peace becomes more secure and life, richer and more beautiful. The conclusion drawn by Erich Honecker, at the 11th Central Committee session, to do all the more now for peace, is being regarded by more and more young people in the GDR as a call not to shy away from any efforts for it in the future either.

Because good work done for socialism is deep in substance, it becomes a firm component of the socialist way of life for more and more young people and FDJ collectives. In fostering and challenging achievements, the FDJ deliberately picks up the interests of youth.

Precisely within the "FDJ Ernst Thaelmann Rally," after the 12th FDJ Parliament, by the more than 44,000 youth brigades and the 110,000 youth projects--of which 700 projects are being completed ahead of schedule prior to the 11th congress--high commitments were assumed and existing reserves, honestly uncovered. As a moral norm emerges there more and more the fulfilment of commitments assumed under any conditions or, as many are formulating it, that keeping one's word is a matter of honor. The best example for it is that of many best achievements

in honor of the 1985 World Peace Day, many have meanwhile be turned into permanent achievements through socialist competition. That is indicated by the redemption of the FDJ bezirk and kreis organization pledges that reached Erich Honecker in writing the year before. The promise by the delegates of the 12th Parliament to the SED Central Committee also is going to be fulfilled. The central youth projects, "FDJ Initiative Berlin," "Natural Gas Pipeline," "Electrification of Railroad Lines," "Intensification of the Production of Chemical Fiber Materials," or the youth projects assigned from the science and technology state plan are increasingly becoming arenas for great creative achievements and high labor ethics.

Young workers like Ramona Gailus and Gunnary Schrank, who became "heroes of labor," or Martina Pfefferkorn, Joerg Harder, and Klaus-Dieter Krohn are enjoying high respect. The FDJ is making every effort for the slogan "Each every day with a good balance-sheet" to become a stipulation for good work in more and more collectives. Coping with the scientific-technological revolution is the FDJ's main battleground today. The tradition-rich MMM [Fair of the Masters of Tomorrow] movement brought in M 6.15 billion in the last 5 years, with over 4,000 youth research collectives making an ever more effective contribution to it. The Parliament had raised the demand to draw all FDJ members and more and more young people into that movement in the future, which demands of all enterprises to create the prerequisites for it through appropriate tasks.

While the FDJ, by concrete and accountable targets and tasks, in its economic initiatives for the SED's economic strategy and for opening up the material and intellectual potentials toward comprehensive intensification, has dedicated itself over long range, it most effectively links important social concerns with the personal targets and ideas of its members. To work well and efficiently and to acquire and apply top knowledge and skills, those are the current youth interests. The best example are the FDJ youth research collectives, making initiative-rich work possible for many college and technical school graduates who do not need much time to be broken in. Experience thus far documents that increasing efforts are needed to assign ambitious tasks to all these collectives through the tasking workbooks.

Through the FDJ's "Reconstruction and Extension" action the youth association supports the grand housing construction program of the SED and expedites the locating of an apartment for young couples and graduates. That, in any case, provided an additional 84,000 apartments in the last 5 years. Another 100,000 are expected up to 1990.

Many "consumer goods" youth projects aim at further improving the supplies in the 372 youth fashion sales outlets. The initiative by the members of the FDJ's youth fashion clubs therefore is especially great, through which work and development results have to be put into production more rapidly still.

More than 3,000 young people came to settle permanently in their villages through the "FDJ Initiative Livestock Production." The "irrigation" and "grain harvest" youth projects had a lot to do in 1985 with the record harvest. Through the youth organization's sponsorships for 167 villages and through more active efforts by the FDJ rural basic organizations, we help further improve rural living and working conditions, too.



Young people in the GDR are growing up in social comfort. That induces their being diligently and creatively at work and active in the youth association. To them it is a great incentive that there is an immediately effective and everywhere noticeable conformity in everyday life between social and personal interests because of the policy of the main task with its united economic and social policies, which was issued by the Eighth SED Congress 15 years ago. So the meaning of socialism is experienced in ordinary terms. The conformity of interests becomes more and more of an impulse for the actions of all young people.

#### Representing the Interests of All Youth

The basic rights of youth to an equal participation in political life, to work and recreation, to education, pleasure, and happiness are written into our Constitution and the Youth Law and are everyday practice. Never before on German soil has there been a social order that places so much trust in its young generation, assigns so much responsibility to it, and offers it so many opportunities for creative self-realization. No decision affecting the interests of youth directly is made without FDJ endorsement. The 33,000 young deputies in the people's representations and the more than 600 mayors who are FDJ members are doing responsible work in those terms.

During FDJ election meetings late last year, and proposed by the 12th Parliament, the elected FDJ functionaries conferred on the political leaders' draft plans for promoting youth initiative, offered many suggestions, and endorsed those documents. The extensive participation of many young people in the plan debate also proves their active democratic partnership.

The young people highly appreciate their extensive social security. Precisely in view of the many negative balance-sheets in the imperialist countries in the UN youth year, this becomes painfully conspicuous. In our country, everyone can find out for himself every day that it pays off to do the best for society. New apartments, schools, kindergartens and nurseries, stable prices for basic necessities and interest-free loans for young couples, as well as the steady expansion of the material and intellectual opportunities for leisure time activities attest to that. The balance-sheet for the concluded 5-year plan indicates that all the sociopolitical achievements for youth created since the Eighth SED Congress in 1971 not only have been preserved, but have even been extended, with their living conditions further improving. Only think of the higher scholarships for all students in this period, the apprenticeship remunerations and training subsidies for pupils, the reduced fares and new, youth-typical consumer goods, the more than 160 new FDJ youth clubs in urban new construction areas, the reconstructed hostels and pioneer camps, and the developing intellectual-cultural life and youth tourism, for which the state appropriated over M 1 billion in these 5 years.

The proposals of the 11th and the 12th FDJ Parliament, submitted after a thorough analysis of the current living conditions of youth and with regard to the realistic economic possibilities of the FDJ as representing the youth's interests, have all been brought to realization meanwhile.



The 9,490 FDJ youth clubs offer many young people the chance to satisfy their needs for dancing and entertainment. Of special importance for it is that the newly built youth clubs in urban residential areas are open on all days in the week. Thousands of girls and boys find their spiritual home and creative relaxation in the glee clubs and choirs, orchestras and study groups, and sports and tourism groups of the youth association. FDJ's travel bureau, "Jugendtourist," has booked 7 million trips for young people since 1981 within the GDR and abroad, in 1985 alone, 300,000 trips to 33 countries.

The FDJ promotes humanistic and realistic art and culture extensively. The three FDJ publishing houses published 3,500 domestic and foreign titles in over 125 million copies in the last 5 years. JUNGE WELT, the only German-language youth daily since 1947, and JUGENDRADIO DT 64 satisfy daily the great need for information and entertainment. Young artists and art students are linking up ever more closely with the FDJ by working on art commissions from the youth association. For the artistic decor of the Wilhelm Pieck youth college alone, more than 100 party-minded works of students at the art colleges and technical schools were generated there.

The FDJ helps everyone to find his way politically in the tempest of our times. In the circles of the FDJ study year, at youth forums, and through everyday political talks, the youth association, assisted by thousands of experienced communists, seeks to answer, confidently and comradely, the questions from youth while relying on the SED program. Then the FDJ also helps reinforce the readiness in every young person to defend socialism reliably at all times.

All this proves the following: The FDJ assumes its responsible mission of being the SED's helper and combat reserve all the more effectively, the better it picks up the various interests of all young people. That strengthens its authority, enhances its political influence, and promotes the collaboration among various strata within the unified youth association. We then remain true to the intent of the FDJ's founders to combine within their ranks young people irrespective of their political and ideological allegiance. At the 12th FDJ Parliament and during his meeting with the FDJ Central Council Secretariat in late September last year, Erich Honecker explained what it meant today to help all young people appropriate the communists' sense of life. The FDJ keeps to its proven principle in this of reaching all, recruiting everyone, and leaving no one behind. And here it proves effective time and again to charge every member with a concrete personal mission.

Having grown up already under socialist conditions of life--the members that entered the FDJ this year were born after the Eighth SED Congress--youth today is dedicated to carrying on the shaping of the developed socialist society, whereby to create the prerequisites for the gradual transition to communism. Sound scientific guidance for that comes from the SED program. Their active participation in its implementation bestows profound meaning on the life of the young people. In getting set for the 11th party congress, many of the most active FDJ members decided to become party members. By the end of last year, the SED had already 75,000 young candidates. By the 11th party congress, the figure will have risen further. Thus the party--as Erich Honecker put it at the conference referred to--is a "party of youth,"<sup>8</sup> both from the point of view of the program and in terms of its composition.

Reviewing the 40 years since that spring of 1946, Erich Honecker at the 12th FDJ Parliament commented on his experiences and feelings as follows: "For the founders of the FDJ, for the activists of the first hour, for your mothers and fathers it is a great joy to see that the dreams of once today have become reality in our republic. The farther we are removed from the day the FDJ was founded, from 7 March 1946, and the more the tasks of youth are growing in the continued shaping of the developed socialist society, the clearer becomes the historic consequence of having set up a unified democratic mass organization of youth."<sup>9</sup>

The strength of the FDJ comes from the unity of youth and its leadership by the SED. It will continue its glorious traditions and carry the banner of the revolutionary accomplishments across the threshold to the year 2000.

#### FOOTNOTES

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3. Erich Honecker, "New Life--New Youth," *ibid.*, pp 7-8.
4. "Excerpts of Outlines for a Speech by Wilhelm Pieck for the Conference with Youth Functionaries of the Antifascist Youth Commissions, 21 November 1945," "Partei und Jugend," Dietz publishing house, Berlin, 1980, p 228.
5. Erich Honecker, "Youth as Active Participant in Constructing an Antifascist-Democratic Order," "Zur Jugendpolitik der SED," p 19.
6. "Excerpts of Outlines . . .," *op. cit.*, p 229.
7. "Programm der Sozialistischen Einheitspartei Deutschlands," Dietz publishing house, Berlin, 1976, p 44.
8. Erich Honecker, "With Revolutionary Elan, Youth Is Fashioning Our Socialist Present and Future," NEUES DEUTSCHLAND, 1 October 1985, p 3.
9. Erich Honecker, "Mit dem 'Ernst-Thaelmann-Aufgebot der FDJ' vorwaerts zum XI. Parteitag der SED!" [Ahead to the 11th SED Congress with the "FDJ's Ernst Thaelmann Rally"] Dietz publishing house, Berlin, 1985, p 6.

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POLITICS

YUGOSLAVIA

INIC ON FREEDOM OF SPEECH, EXTENT OF POLITICAL CRITICISM

Belgrade INTERVJU in Serbo-Croatian 17 Jan 86 pp 22-24

[Article by Slobodan Inic: "Are You Free To Think?"]

[Text] At this point I must recall Tacitus. That philosopher said on some occasion: "O, rare happy time when you can think what you want and say what you think." I really do not know what time he was thinking about when it was possible to speak freely and to think freely. For example, did such a period exist at one time, and then has no longer existed since his time? Or are the freedom of speech and the freedom of thought an ideal of the future offered from the "golden age" of the past? Perhaps at this moment it is not even so very important. I believe that a more important question is this: Are people free to think what they want and to say what they think?

The literature speaks about this with warnings. First there is the existential literature. In Max Frisch's novel "I'm Not Stiller," the hero reflects along these lines: "Whenever the price of freedom goes even a little higher they become as cautious as any devoted German subject. Really, who can allow himself to have a wife and children...with all that comes with that...and at the same time allow himself to think freely about other than secondary matters? It takes money...if one is not to need orders..., nor society's favor. But anyone who has raked together so much money that he can truly allow himself the luxury of thinking freely will in most cases agree with the way things are anyway."

Next comes the literature of the political police. In Nikola Djuretic's "Tri novele" [Three Long Stories], the loyal supporter of the regime, whose name is Pero, reasons this way: "He thinks too much, and such people are always dangerous.(...) But look out for such people!...but I do not read, my job is to do what I am told, isn't it!? Pero, make the arrest, and I make the arrest; Pero, bring him in, and I bring him in; Pero, keep a sharp eye, and I open my four eyes and I tune my four ears! Which is after all why we know everything.... Not even a mouse can slip by.... No problem with those who want to steal and rob, but those who think mean trouble! I would even forbid him to think...but you can't do that, can you!? But they are the most dangerous ones, I ought to know!--And where would it take us if everyone had a thought in his head.... It is work that we need, work.... But they are always philosophizing about something.... What business have you got thinking about

this, damn you, there are others here to do the thinking, your job is to do what you're told.... The Lord put some filling in the tripe their brains are made of...and they are constantly mulling something over in their heads, philosophizing, spying...."

Finally, in Samaraks's novel "Greska" [The Mistake], you will also find the state-utilitarian reason for refraining from the freedom of thought. It contains this passage: "The less you think, the happier you will be, the more useful to the regime." My point in presenting these examples from literature is to show all of the resistance there is to the freedom of thought. They speak about the facts of life, the way in which freedom of expressing thoughts is frustrated.

Do there really exist opinions which do not dare to be thought?

#### Toleration of "Thinkers of Bad Thoughts"

I have to admit that some of the achievements of the freedoms, among which is the freedom of thought in some societies, have not yet acquired the status of authentic achievements. In Vojnovich's "Pretendent na presto" [The Pretender], I find a model of an "ideological state" which is concerned about what the people think. "How are people getting along? What are they saying? Some are not thinking along the right lines. They have to be detected in time, corrected, and restrained." This is a state which knows what the people want in advance and doesn't even ask them. Anyone is thwarted if his opinion does not agree with the views of the ideological state.

Otherwise the "thinker of bad thoughts" is deprived of his living. Millions of people think no further than an opinion of opinions. The only thing one can compare this to is the One Opinion State, a quite unusual creation. It is natural to expect that in this case every one of its subjects will strive to discover a potentially dangerous opinion, and if it is also a secret opinion, he is prepared to denounce the person who holds it on the spot. Every one has one supreme task, that of discovering political irregularity in thinking. Thus, in time the people becomes right-thinking or is by its nature correct, incapable of thinking a bad thought. The quality of the people's right-thinkingness depends indeed on the effectiveness of discovering the degree of "hostilization" of thinking.

Yet one thing is still not clear to me. Why does that "ideological state" punish thinkers of bad thoughts if it is right? At least according to what is said by all its press, TV, and the network of ideological agents. What I mean is that the one who is right never imposes penalties. After all, what would be the point of the penalties if one is right? After all, the "ideological state" which punishes thinking differently, even though that opinion is wrong, is merely demonstrating that it is not right. What is the point of penalties if you are right?

I would recall the possibilities of another state, which I will refer to provisionally as the nonideological state. It has quite great importance for our society, since we find ourselves somewhere near the midpoint between the two

models of the ideological and the nonideological state. That is, we have denied the character of the ideological state, but in reality we have never rid ourselves of the state which is concerned about what the people is thinking. Thus, we have in our country, as democratists would put it, both "fearless" and "timid thinking."

#### The Nonideological State

There are two epitaphs of the nonideological state. The first basically signifies that no one should suffer because of his opinion. According to the second, people have the right to change the social word in their thoughts and with their thoughts.

The point is that these two "principles" relieve the state of the thankless role of "implanting" in people right-thinking mental forms so that ultimately it brings about a situation in which its opinion is the opinion of the people! Such a state is in agreement with its own self. The nonideological state, on the other hand, deals with people's opinions directly, in their original meaning. It does not drive them to think in the context of the categories of its way of thought. It is, of course, possible for a person to think badly, to talk nonsense, or to get a misconception of things. Nevertheless, there is much less harm in this than in the situation where a state does the thinking for the entire people, and all the people can do is be silent.

Let us take a practical example. If the state exists on behalf of the people, not the people on behalf of the state, how, then, will the state be able to work in the interest of the people if the latter does not have the freedom to express its opinion about what its real interests are? I do not believe there is any way! Unless in the end there is an ironic turnaround in which the state actually is the people. The nonideological state allows praise of itself and the right for others to praise it, but it also allows the right for them to criticize it and contest it. Just think a minute, couldn't someone have the right to think that socialism does not exist in Yugoslavia or that that kind of socialism is not sufficiently "socialist"? Or again someone could suppose that the system of self-management got us into the grave social crisis. It is possible, but in these matters have we brought opinion to the right to hold such opinions? I believe that such opinions are in the minority. Perhaps they are even "problematical" in the extent to which they are well-founded. But still, it is not a question of whether they are right, but whether they have the right to be expressed. I hold that it is much more dangerous for a state if people hide their opinions concerning public affairs instead of expressing them openly.

#### The Government as a Spiritual Mentor

Does anyone think that condemnations of an ideological nature accompanied by the role of the press and TV in producing thunder and lightning allows one to make gains in the political correctness of opinions as against the wrong-thinking ideas of some particular book? I am inclined to think that it is not possible in that way to overcome or change someone's opinion. Moreover, for that reason if no other, such authors will never stop thinking what they

already think. On the contrary, they will be encouraged. They will go right on, even though it may be concealed. And something else. I have been struck to see the scale on which our people have begun to read certain books in ethnic history, the theory of constitutional law, political science, and social welfare policy, books which in themselves are boring, following ideological condemnations. It seems that "enlightenment" began thanks to the "counterarguments."

I would like for my words to be taken in good faith when I say that I have never seen a government "intelligent" enough as to be competent in judging a work of science. A government is not an academy. And if we deny the Central Committee that right, then how much less right to do so resides in the Socialist Alliance on, say, Vozdovac? But not because there are not intelligent people in those institutions--scientists, professors, and probably even members of the academy, but because by definition the government does not decide on the "truthfulness" of opinion, even though it be a government which claims the "right" to intellectual vanguardism. The truth of an opinion cannot be judged by a government which will say that it is "accurate" or "inaccurate." The sole sovereignty to perform such a role resides in the scientific community, which on the basis of an antithetic test of strength of scientific reasons and critical judgment can decide the extent to which an argument, an opinion, or a book is truthful or untruthful.

Finally, if a man has to choose between the opinion of a secretary of the Socialist Alliance, however competent he might be, and a scientist, a university professor, or a researcher, concerning the fate of socialism today, then it has to be admitted that the latter can render a better judgment on that issue.

#### Criticism of the Government

To what extent does a critic in a socialist society have the right to criticize the government? Or, why is it so difficult to freely criticize the government in postrevolutionary societies?

I believe that these are those borderline issues which these societies have been facing for a long time. It will be no exaggeration if I say that no government enjoys being criticized. I do not see that it would be any different in the case of a socialist government. In addition, every government, including a socialist government, regards itself as absolutely the best, and everyone also believes that it is ruling in the interest of the people, while it is just the opposite in other cases.

Nevertheless, I do not know that there has ever existed or ever will exist such a "good" government from the standpoint of the best form of government that would "disarm" its critics in the freedom of expression of critical thoughts by virtue of its nature and what it does.

It seems very unusual that it is ideologically possible to disavow an opinion with which the government does not agree. Actually, anyone who resorts to such methods in these matters certainly must with full certainty find a justification if it is to be possible to thwart an opinion. To what extent can

this be done by a government which is itself ideologically committed? To go further, this signifies the extent to which it is then justified in resorting to those methods of disavowal. The appearance of certain books has provided the more recent examples in our case. I see no justification for us to take such an attitude toward them. Socialism, which is a better social condition, did not come about in Yugoslavia because of some book written in favor of it and because people listened to its author and went out and created a socialist society. Still less are we to expect that socialism will "disappear" because some author and his book "do not agree" with that form of society. But if indeed it is possible, with every certainty, that a book could have such an effect that the consequences resulting from the written word are registered in the state of society, then my observation would be that something is wrong not only with the government, but indeed with socialism itself.

Can ideas be "subversive" relative to the "power of the working class"?

First of all, it is devilishly difficult to determine which ideas are so "subversive" that one can prohibit them without question. Nevertheless, I know quite a few people who find this easier than drinking a glass of water. But we know exactly where that leads. There is no idea so "dangerous" that in and of itself it could overturn any social order. But in those places where they talk about the danger of "idea-ism" it is probably a question of a very bad "materialism." Finally, to say that some idea or thought is so dangerous because it aims, say, to destroy the "power of the working class" supposes that the person who undertakes such a disavowal should prove that the working class really is the authority in the essential and socioeconomic sense.

In conclusion I would like to present a truly important argument in favor of the freedom of thought and the freedom of expression. I will put a question without shrinking from its delicacy. Has socialism, since back in 1917, paid more for its backwardness because it has disputed the freedom of thought of its critics or because it has granted unlimited freedom to its bureaucratic usurpers? The experience of history in this respect teaches us that it has always been a question of the latter, and never ever of the former. Nevertheless, this has always become clear only after grave upheavals. So is it not necessary for such upheavals to take place so that we might finally learn something?

A man must have a mirror in order to be able to know whether he is handsome or ugly. The freedom of thought and the freedom of speech are the mirror of the government in which it can look in order to see how it appears in the eyes of those who are not wielding the power of government, but are those for whom it does in fact exist. We have people who see the danger of this or that idea, of this or that opinion, under every bed. I would not say that it is a question of the "stupidity" of such people, though intellectual spirits who place intelligence higher than socialism will not agree with that. It is rather a question of a doctrinaire rejection of the freedom of thought. Giving over to the tastes of zealots means depriving the government of its mirror.

And who is there who doesn't like to look at himself in a mirror?

7045

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POLITICS

YUGOSLAVIA

ROLE OF FEDERAL SOCIAL COUNCILS RE-EXAMINED, QUESTIONED

Belgrade KOMUNIST in Serbo-Croatian 7 Feb 86 pp 14-15

[Article by Dragan Bartolovic: "To the 'Brioni Discussions' and Back"]

[Text] When do the federal social councils do their work, especially the councils for affairs of the social system and for economic development and economic policy? How in general do the councils function in the system? Is their method of operation suitable to the present time, have they been developing, have they been stagnant, or have they even been going backward? What might possibly be changed?

An authoritative answer needs to be made to these and similar questions as soon as possible. Not by any means an answer that is a formality, and certainly not merely to satisfy certain people who are inquisitive. Still less because it is now "in fashion" to critically assess each and every thing related to the system or the system itself.

Who Is Calling for Reassessment

The demand for reassessment, then, is coming from two very authoritative quarters: from the 24th Meeting of the LCY Central Committee and from the last meeting of the Council of the Federation. It was at that time stated (and so far it has not been denied, that the federal social councils were one thing while Edvard Kardelj was alive and that today they are something altogether different, that the difference in the quality of the results of their work is evident. It even seems that we might dare to say that in way the councils have lost the reputation they gained earlier, since from those and other authoritative quarters we have also recently heard proposals for ad hoc working groups, commissions, and the like to be formed to debate certain matters (which ordinarily would have been discussed in the councils). Even bypassing the councils. Why? We are waiting for a real answer to that.

These issues were raised in their own right by the "Critical Analysis of the Functioning of the Political System of Socialist Self-Management," which was drafted within the framework of the Federal Social Council for Affairs of the Social System and whose contents are now the subject of public debate. First, it is felt that the work to prepare the "Analysis..." took too long (about 3.5 years), which shortened the period given for public debate to only about 60



days, and second, there has been quite a bit said (and there will be more) about the way in which this "paper" was adopted: that is, was it adopted by consensus or not?! While certain statements refer directly to a consensus (Josip Vrhovec or Najdan Pasic, for example), others (like Milan Kucan) say that it was not a consensus, backing up his argument with the fact that the "Analysis..." contains in an appendix the "dissenting views of participants in the work of the council on certain matters." Let us also add to this the fact that the "Analysis..." itself states that "there is an indispensable need for fuller analysis of the experience to date in the work of the social councils, which would contribute to further improvement of this form of social influence and oversight."

#### The Method Referred to as "Brioni Discussion"

At the time when Kardelj was writing the "Directions of Development..." the experience from the earlier work of the social councils had been constructed. "As creative democratic bodies," Kardelj says, "the councils have done an important job not only in achieving more unified views during preparation of laws, but also in solving certain problems of our practical policy...." Kardelj had quite a few reasons for that assertion: the work of the federal social councils in the period 1974-1978 resulted in the Law on Associated Labor, the Law on Entry of Organizations of Associated Labor Into Association To Form General Associations and the Economic Chamber of Yugoslavia, the Law on the Bases of the System of Social Planning and on the Social Plan of Yugoslavia.... At the same time, proceeding from Marxist theoretical postulates on certain specific matters, the discussions in the meetings of the councils have been conducted in the direction of seeking ways of applying those postulates under the conditions of our system of socialist self-management. And those were discussions based on argument, confrontation and reconciliation of views, they were discussions which were decided by a triumph of arguments. At least as a rule! Since they were mainly held on Brioni, they came to be known in the political community as "Brioni discussions," and the reference here was above all to the method. That is, the phrase "Brioni discussions" came to be a synonym for the method whereby arguments collided and arguments decided the victory, and yet no participant in the discussion felt defeated because he had presented different or shakier arguments (which did not "triumph"). This practice was also to be adopted by sections in the Socialist Alliance, but by and large this never went beyond verbal acceptance. Experience took another direction, and so the method referred to as "Brioni discussion" was gradually forgotten as well....

#### "Digging in" Behind Particular Proposals

In the meantime much of what Kardelj referred to as the "contribution of the councils to solving certain problems of our practical policy" was also lost. At present the councils, in the opinion of many, are too slow, they usually take action after the fact, they do almost nothing by way of forecasting, by way of programming, by way of pointing out the possibility and time frame of certain events, nor do they point out how they might be anticipated by action. At this point there is almost none of that. Excessively long academic debates are conducted in cumbersome bodies, the members of the councils are more and

more losing their independent position and are becoming dependent upon the views of the communities which delegated them. This is certainly a hindrance, it leads to a "digging in" behind certain proposals, and in such a situation authentic and specific discussions do not take place or they are too long in coming. Often the end result of this is mere observations with no possible solutions offered (one, two, or more alternative solutions, it does not matter), academicism triumphs in the discussion, although behind the "trenches" that have been set up, it is more or less easy to recognize views whose purpose is to serve day-to-day politics, voluntarism, enthusiastic support not based on the merits of the case, etc.

Monologue "work" has even been tried in practice: a head pokes up out of the trench, says its "piece," and again pulls back into the trench, deaf and blind to the speech and arguments of others. This resembles that well-known situation in which there are only two opinions, mine (read: that of my community) and that other one, the wrong one! Krleza at one time wrote as follows about the phenomenon such people represent:

"Some of us only appear to be listening to the others, as though we had heard what it was about, but actually we have heard nothing, since we really are not interested in what the other participant is saying...." Many debates are even now conducted so as to bypass the merits of the case.

#### In the Opposite Direction From Kardelj's Ideas

This "digging in" to defend one's own position occurs in spite of the fact that in addition to delegates of the republics and provinces, delegates of sociopolitical organizations, of assemblies, of government executive agencies, of economic chambers, and of similar organizations also participate in the work of the councils, or they are supposed to participate, when matters in which they have a direct interest are on the agenda, along with delegates from science and specialized services. Kardelj felt that the influences of all the decisive factors in the social structure of self-management are in this way democratically concentrated in the work of the councils, or, as he put it, that "the individual interests and the general interests of society, the views of individual delegations and the views of other delegates, theory and practice, science and political practice, are in this way brought into confrontation in the work of the councils, and joint solutions are sought through that confrontation." It has to be said that at this point we are quite far from that, much further than at the time when Kardelj recorded these thoughts of his. It is worth thinking about why this is the case, since poor practice cannot be justified by merely saying that we are in a phase of exclusiveness, of a strengthening of bureaucratic statism, etc.

And something else: Kardelj foresaw the very important role of the social councils in the "democratization of decisionmaking." But what is happening is just the opposite! The view that is arrived at in the council in one way or another is simply set in concrete and defended, as the popular saying goes, to the point of unconsciousness. Is this only because it is assumed that under the present circumstances of "trench warfare" and given the present balance of power, nothing better could come out of it, although it is well known that

something better does exist!? While Kardelj was alive, the councils were also seen as a barrier against bureaucratization of the political system; it now seems that the bureaucracy is bureaucratizing both the system and the councils, and in the councils this is being done even with admixtures of institutionalization.

Differences are normal. But they have to be overcome in discussion. The worst thing is when certain matters on which there are differences are thrust aside as though they did not exist. Then reality itself, which does not accept that kind of closing of one's eyes to problems, that kind of head-in-the-sand attitude, simply reaches out and takes you by the beard. The problem grows, very often even causing extremely adverse politicization of what under normal circumstances ought not to be politicized. But this also suits the bureaucracy. What happens is exactly what Kardelj was afraid of: Individual problems are approached from narrow bureaucratic positions; the councils do not manage to set themselves up as barriers to pragmatic solutions which have been causing conflicts in society, and the discussions are constantly going back to the beginning.

#### Consensus Mistakenly Conceived

The formation of social councils related to certain administrative agencies and for particular administrative areas is a question in and of itself. A position is taken on this by the "Critical Analysis...", in its second part, the part which contains the proposals. In the segment called "Consistent Performance of the Constitutional Role of Executive Bodies and Administrative Agencies," the formation of such councils is proposed in the eighth or last place, so that through "their activity they might contribute to further democratization of the work and to a broader opening up of the administrative agencies toward all structures of society." It is worth pointing out that Kardelj advocated such councils in the "Directions of Development...", especially so far as the Federation was concerned; he assigned it the role of "eliminating the unnecessary friction between federal bodies and agencies and the bodies and agencies of the republics and provinces, which often are more the consequence of bureaucratic methods of work than of actual differences in views."

Here again we come to an erroneous conception of consensus, a bureaucratic conception. The fact is that this conception is spreading spontaneously. These tendencies were noted even a decade ago: There was a tendency that was spreading spontaneously toward an increase in the number of matters on which unanimity was required in decisionmaking. This "deprived" such councils of the "purpose" for which they were formed; that is exactly the line taken by advocates of the practice of spreading the range of consensus. They were afraid that the councils, as they had been conceived, might take over the function of overseeing the work of the federal administration and might at the same time present their proposals and suggestions, and they would thereby threaten the status of the bureaucracy.

## In Lieu of a Conclusion

Before we draw any a priori conclusion, we certainly should await the results of the critical assessment of the work of the social, that is, federal social councils. But even now--and after this kind of ad hoc analysis which does nothing more than point up the problems that exist--it seems that it would be best for the councils first to be taken back to their source, that is, to their original task. And that means: back onto the path that leads toward finding optimum solutions which objectively meet the needs of our society--here and now. And then from that initial position to begin the additional construction and their adaptation to the needs of the present time. After all, there have been many deformations, correction of just one or only some of them--however well-intentioned this might appear--will not yield the desired results. Let us take a step backward, then, so that we might free ourselves of the fetters which are now pressing down on us, those predominantly bureaucratic fetters, so that then, after we have freed ourselves and relieved ourselves of the burden, we might take the necessary stronger and larger steps forward.

7405

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SCIENCE AND TECHNOLOGY

INTERNATIONAL AFFAIRS

COOPERATION WITH USSR IN ACCELERATOR TECHNOLOGY

East Berlin ISOTOPENPRAXIS in German No. 10, Oct. 85 pp 370-371

[Article by H. Hochschild, Isocommerz GmbH, Leipzig GDR; 7050 Leipzig, Permoserstr. 15, received on 6 February 1985: "Cooperation with the USSR in the Field of Accelerator Technology"]

[Text] The increasing importance of using particle accelerators in medicine and industry should be a sufficient cause for giving a brief survey of the status and prospects of cooperation with the USSR in the development, production, and importing of accelerator facilities for use in these fields. However, there is no intention of going into technical details here.

In the field of research, accelerators from the USSR have been used for many years already--for example, the cyclotron U-120 at the Rossendorf ZfK [Central Institute for Nuclear Research], the electron accelerator ELT-1.5 at the Dresden Institute for Polymer Technology, and the ELIT-1 at the Leipzig ZfI [Central Institute for Isotopes and Radiation Research].

In the mid-1970's, in the field of medicine the increased use of linear accelerators began in connection with radiotherapy. The first import was the "Neptun-10p" from the Polish People's Republic, with a maximum electron energy of 10 MeV. But higher electron energies are required for a broad and successful application of electron-beam therapy. Thus, as early as in 1976 the first agreement was concluded with the USSR for supplying the medical-purpose linear accelerator LUE-15M, which was developed at the Scientific Research Institute for Electrophysical Apparatuses (NIIEFA) at Leningrad. Initial startup began in 1980 at the Friedrich Schiller University of Jena, and in 1982 and 1984 other initial startups of this type followed at the Wilhelm Pieck University of Rostock and the Martin Luther University of Halle, respectively.

The LUE-15M generates electrons with energies between 10 and 20 MeV with a maximum dose rate of 5 Gy [Grays = 100 rads]/min and a bremsstrahlung of 15 MeV, with a dose rate of 3 Gy/min being obtained at a distance 1 m from the target.

In order to ensure deliveries of accelerators on a long-range basis, in 1981 an arrangement between the USSR and the GDR was concluded. The focal

point in this arrangement, at present valid until 1990, consists in deliveries of linear accelerators for radiotherapy, for industrial applications, and for research purposes. At the same time, expanding the production base for accelerators at the Leningrad NII-EFA and coordinating all other activities of cooperation has also been provided for.

At the Leningrad NII-EFA a new production series of linear accelerators for radiotherapy--LUE-5M, 20M, and 40M--is under development at present. The numbers in the model designations correspond to the maximum electron energies. Also entering into the designing of these accelerators were the experiences gained in the GDR from operating the LUE-15M, and the requests of our doctors were also taken into account to the greatest possible extent. At present, the development of the type LUE-20M has progressed the most. Its main parameters will be the following:

#### Electron radiation

- Energy of the electrons (adjustable in steps of 2.5 MeV)	5-20 MeV
- Dose rate, maximum	5 Gy/min
- Field size, maximum	25 cm x 25 cm
- Inhomogeneity of the dose distribution	$\pm 5$ percent

#### Bremsstrahlung

- Threshold energy	5 and 18 MeV
- Dose rate, maximum (at a distance 1 m from the target)	3 Gy/min
- Field Size, maximum	40 cm x 40 cm
- Inhomogeneity of the dose distribution	
with a field size of 30 cm x 30 cm	$\pm 3$ percent
with a field size of 35 cm x 35 cm	$\pm 5$ percent

Beginning in 1985, on the basis of the accelerator arrangement the development of a radiotherapy complex controlled by EDP [electronic data processing] means is planned within the framework of scientific-technical cooperation, in which the above-described LUE accelerators will be used. The contribution of the GDR will lie in the area of the development of the EDP systems.

In addition to the medical-purpose accelerators, within the time frame up to 1990 there are also plans for accelerators for special industrial applications, which achieve an accelerating voltage of 1.2 and 2.5 MeV and a beam power of 80 and 60 kW respectively, as well as minicyclotrons (10-12 MeV) for the production of short-lived isotopes for nuclear medicine.

Of course, the production program of NII-EFA extends far beyond the accelerator types talked about so far. Let us mention here also the industrial accelerators of the LUE series with energies up to 15 MeV, which are used for sterilization, activation analysis, radiation modifying, and structure investigations, as well as the linear induction accelerators

(LIU) with which large pulse currents of up to a few thousand amperes can be generated.

It is well known that in addition to the Leningrad NIIEFA there are also other important centers of accelerator technology in the USSR, of which let us mention here only the Institute for Nuclear Physics in Novosibirsk. For radiation-technology processes, the following three production series are being manufactured at Novosibirsk:

- ELIT: High-voltage pulse accelerators. The type ELIT-3A has an energy of 3 MeV and reaches a current of 50 A during a pulse duration of 10  $\mu$ s.
- ELV: The ELV types are rectifier-type accelerators with electron energies of 0.4 to 1.5 MeV and a beam power of 20 to 50 kW.
- ILU: The ILU accelerators operate with a high-frequency resonator. The electron energy can be varied within a wide range from 0.5 to 2 MeV. The beam power amounts to 20 kW.

The arrangements made and the agreements concluded with the USSR up to now as well as the coordinated plans for the future ensure that the GDR will be able to continuously expand its use of particle accelerators in medicine and in important fields of the economy, but at the same time they set for us the responsible task of fulfilling the obligations undertaken by our side on schedule and with the preservation of good quality.

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END